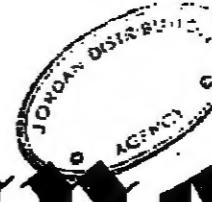


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AGENCY



Chirac Warns U.S. On Trade

Says Retaliation Will Follow Any Threat to Airbus

By Edward Cody
Washington Post Service

PARIS — Prime Minister Jacques Chirac of France accused the United States of economic "hostage-taking" Thursday and warned that any U.S. trade "aggression" against Europe's Airbus planes would be met with "real retaliatory measures."

Mr. Chirac's unusually tough language reflected European irritation over assertions by the Reagan administration that government subsidies to the jointly produced European aircraft are a form of distal competition against private American aircraft manufacturers.

His remarks also underlined European fears that the growing protectionist rhetoric in the United States could result in trade measures that would hurt business in Europe and sour trans-Atlantic relations.

The concern was heightened by the strong tactics used by Washington last month in a dispute with the EC over grain exports. Washington was demanding compensation for the loss of grain markets following Spain's entry into the trade bloc a year ago.

The EC agreed Jan. 29 to grant wide-ranging concessions to the United States on the grain imports, but only after the Reagan administration threatened to impose retaliatory tariffs of up to 200 percent on some French wines, cognacs and cheeses and British gins.

The pressure from Washington was widely criticized in Europe.

In that atmosphere, the U.S. undersecretary of commerce, Bruce Smart, and the deputy U.S. trade representative, Michael B. Smith, visited Paris, London and Bonn last week to convey the Reagan administration's objections to government subsidies for the Airbus.

European officials listened politely to their message but rejected

Jacques Chirac

3 Traders Charged By U.S.

Insider Dealing Said to Enrich Kidder Account

Compiled by Our Staff From Dispatches
NEW YORK — Federal prosecutors filed charges of insider trading Thursday against three Wall Street executives, alleging that they illegally made millions of dollars for Kidder, Peabody & Co.

Complaints made public by the

out of hand, according to French officials.

The French foreign trade minister, Michel Noir, said that the charges of distal competition were "totally rejected."

Mr. Chirac, in a French radio interview scheduled to be aired Friday, described the U.S. tariff threats during the grain dispute as "a hostage-taking technique." The 200 percent levels that were averted last month would have been aimed chiefly at French products.

Asked about American objections to subsidies for the European consortium Airbus Industrie, Mr. Chirac said that European governments were ready to discuss the matter, "but in the competent forum, that is the General Agreement on Tariffs and Trade."

"Concerning the possibility of U.S. aggression," the prime minister added, "I can tell you it would be totally unjustified."

"Second," he said, "it would without a doubt encounter a very great European solidarity that would not exclude the real retaliatory measures." He did not specify what form the retaliation would take.

U.S. objections have centered on subsequent models planned by Airbus Industrie, the A-330 and the A-340, which would compete against aircraft offered by the American manufacturers Boeing Co. and McDonnell Douglas Corp.

In the view of Europeans, U.S. tax breaks and Pentagon orders for military aircraft produced by civilian companies amount to the same thing as subsidies for research and development.

See TRADERS, Page 15



Soviet plainclothes officers arresting Boris Begun, center, son of the imprisoned Jewish dissident Josef Begun, after a demonstration Thursday in Moscow to demand his release.

Moscow Police Pummel Protesters In Roughest Crackdown Since '85

By Bill Klner
New York Times Service

MOSCOW — Demonstrators on behalf of an imprisoned Jewish dissident, Josef Begun, were shoved and punched Thursday by a phalanx of men in plainclothes in Moscow's roughest crackdown on public dissent in more than a year.

The complaints were the latest in a series of insider-trading cases that have jolted Wall Street. The biggest so far was the case announced in November against Ivan F. Boesky, who agreed to plead guilty to an unspecified criminal charge and pay \$100 million in penalties and return of illegal profits. He also has been barred from the securities industry for life.

Rudolph Giuliani, the U.S. attorney who announced the charges against the Kidder, Peabody and Goldman, Sachs executives, refused to say whether they were connected with the Boesky case. Mr. Giuliani also declined to specify what form the retaliation would take.

Prosecutors did not allege that Mr. Wigton or Mr. Tabor personally profited from the information they used, but said that Mr. Freeman did use it for his personal account.

The charges were partly based on information from an unidentified source at Kidder who has agreed to plead guilty to two insider-trading

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See TRADERS, Page 15

demonstrators had gathered on a pedestrian mall in central Moscow with placards appealing for the release of Mr. Begun, who is confined in Chistopel prison in the Tatar Republic for criticizing the treatment of Jews in the Soviet Union.

In addition to Mr. Begun's family and friends, the group of demonstrators included several Jews who have been denied permission to demonstrate.

A Western diplomat said: "It was clearly a calculated decision, at some official level, that if they let these demonstrations run their course they were in for endless days of embarrassment."

"I don't believe the leadership can be very happy with the way it turned out," he said.

Some diplomats speculated that the show of force was intended to appease Soviet security officials who reportedly were unhappy about the pardons announced earlier this week.

Jana Begun, the wife of the imprisoned dissident, said that a plainclothes security officer who drove her home after two hours of detention warned her to cease her efforts on her husband's behalf.

"He said they gave us a day to demonstrate, they allowed us to be photographed," she said.

She said that the demonstrators had not decided whether they would continue their protest.

Western correspondents agreed that the incident Thursday was the most violent clash between police and demonstrators in Moscow since authorities broke up a human rights vigil at Pushkin Square in December 1985.

Shamir Exhorts U.S. to Continue Bid to Iranians

By Jim Hoagland
and Glenn Frankel
Washington Post Service

JERUSALEM — Prime Minister Yitzhak Shamir has urged the United States to continue reaching out to potentially friendly elements in Iran and to reject the "guilt complex" that he suggested some Arab countries are trying to impose on Washington for having supplied arms to Tehran.

In an interview on Wednesday, he said claims by Arab nations such as Egypt and Jordan that the Iran scandal has damaged U.S. prestige and credibility in the Middle East had been "very much exaggerated" in an effort to extract compensation "in the form of arms sales or more economic aid."

Mr. Shamir coupled his call for renewed American activism in the Middle East with his first public indication that he did not approve of Israel's role in helping ship U.S. arms to Iran.

He said he had been "not very well informed" about the operation, and compared his attitude to that of the U.S. secretary of state, George P. Shultz, who opposed the arms shipments.

At the time that Israeli officials and arms dealers helped in the U.S. shipments to Iran, Mr. Shamir was deputy prime minister and foreign minister. He was one of the three officials in the Labor-Likud coalition government who were supposed to rule on the most sensitive decisions faced by the government.

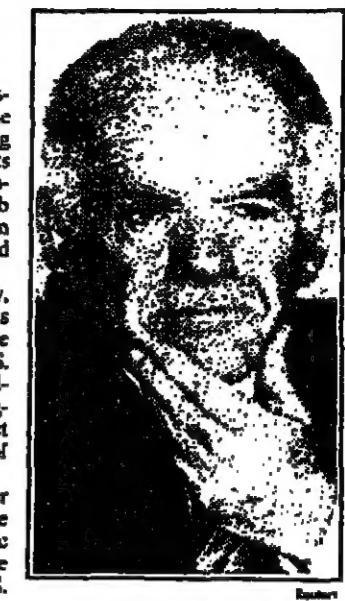
His remarks also were the first by any Israeli official to publicly express doubts about the operation, which was run by associates of the prime minister at the time, Shimon Peres. Mr. Peres and Mr. Shultz were in October under the power-sharing arrangement negotiated by Likud and Labor, Israel's two major political parties.

The Likud leader made little effort to disguise what appears to be the first serious public disagreement with Mr. Peres since they started posts. As he prepares for a trip beginning Sunday to the United States, the Likud leader also made these points:

• He said that "nothing tangible" had taken place on offers by the Lebanese Shiite leader, Nabih Berri, to arrange the swap of an Israeli airman held by Mr. Berri's forces and four hostages threatened with death in Beirut, in return for Israel's releasing 400 Arab prisoners. But his remarks indicated that Israel was exploring the possibility of such an exchange.

• He reiterated his strong opposition to an international peace conference on the Middle East and

See SHAMIR, Page 4



Vitzhak Shamir

Link Is Seen Between NSC And Contras

By Steven V. Roberts
New York Times Service

WASHINGTON — A special White House commission investigating the Iran-contra affair has uncovered new information linking the National Security Council to private efforts to aid the Nicaraguan rebels in a period when such

Secretary Shultz confronted President Reagan over Iran arms testimony. Page 4

activity by the federal government was banned by law, according to sources familiar with the commission's work.

Meanwhile, the commission said that because of a "recent acquisition of new material" it needs an extra week to complete its report.

The request was granted by President Ronald Reagan, who made his second appearance before the panel Wednesday. The commission is now scheduled to issue its report Feb. 26.

It could not be learned immediately whether the information linking the council to the rebels was the new material acquired by the commission headed by John Tower, a

See NSC, Page 4

African Tradition and Modern Values

Tribal Loyalties Are Often at Odds With Nationalism

By Blaine Harden
Washington Post Service

NAIROBI — S.M. Otieno was a thoroughly modern African. He was a tall, silver-haired, honey-voiced criminal lawyer who drove a Mercedes, lived in a big house in a wealthy Nairobi suburb and sent his children abroad to college. He was a dominating, theatrical presence in a courtroom adept at flustering prosecution witnesses. He made his reputation defending accused bank robbers.

But his death in December began a family, tribal and legal feud that has made Mr. Otieno, whose body has been in cold storage in the city morgue ever since, the most talked-about man in this country. His corpse has forced Kenya's legal system and millions of Kenyans to re-examine their nation to see just

First of two articles

watched old Perry Mason shows on video recorder and partied around on weekends at his gentleman's farm on the outskirts of Nairobi.

Outside the courtroom, Mr. Otieno was a gregarious man who recited Shakespeare in barrooms,



Daily Nation, Nairobi
S.M. Otieno

Family friends say Mr. Otieno saw himself not as a Luo tribesman, but as a Kenyan.

cient African tradition and modern, mostly Western, values.

Just after Christmas, the widow left instructions at the mortuary that clan members not be allowed to view the body. She reportedly feared they would steal it.

The fight for the body has become an allegory for one of the most psychologically wrenching aspects of life in Kenya and across this continent: the rub between

tribe. He refused to teach his nine children the Luo language, kept them away from their Luo relatives and told them that tribal ways were "primitive." Family friends and colleagues say Mr. Otieno saw himself not as a Luo, but as a Kenyan.

Last Dec. 20, at the age of 55, Mr. Otieno died of a heart attack.

His wife, children and friends said he had often told them he wanted to be buried in Nairobi. But the day he died, Luo elders began pressing his widow for custody of the body.

Invoking Luo custom, Mr. Otieno's brother and a tribal clan leader demanded that the corpse be taken "home." The clan insisted that a prominent Luo such as Mr. Otieno must be buried in Luo land, near Lake Victoria.

The widow, Virginia Wambui, had none of it. She ordered her husband's brother out of her house. Police were called to the house to keep the clan away. The widow left instructions at the mortuary that clan members not be allowed to view the body. She reportedly feared they would steal it.

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Beirut After 6-Week Break: Many Changes, None for Better

By Ihsan A. Hizaji
New York Times Service

BEIRUT — A Lebanese man returning to Beirut after a six-week vacation abroad found many changes in the city. Predictably, in a country that has endured a dozen years of civil war, an invasion by Israel, the kidnappings of several Westerners and other calamities, none of the changes were for the better.

For one thing, there was the garbage. Trash pickups have stopped because the garbage dump is in a combat zone in southern Beirut. In West Beirut, garbage has been spilling into streets already full of rubble from demolished buildings.

In those streets, used cars imported from Europe are driven at tire-screching speed. Only militia commanders and others in positions of influence dare drive new automobiles, for only they can protect them against the thieves who have taken to stealing cars in broad daylight.

Some traffic congestion has eased in recent weeks because of a fuel shortage. The importing of gasoline has been hampered by a sharp rise in the value of the dollar against the Lebanese pound.

The fuel shortage has led to a bread shortage because bakery ovens use diesel oil. Power rationing has increased because the state-run grid also runs on imported oil.

In some crowded thoroughfares and shopping areas such as Corniche Mazraa and Hamra Street, the noise of electric

generators mixes with the honking of taxi horns to produce a deafening din.

Aside from the fear of being killed in cross fire or by a sniper's bullet, the main cause of anxiety is inflation. Prices have increased 400 percent in four months.

The dollar is trading for 100 Lebanese pounds, up from 63 pounds six weeks ago and 5 pounds four years earlier.

Lebanese predict that the dollar rate will continue to rise. The recession, they say, is a byproduct of the political decay that has taken hold in a country that was once more prosperous than Saudi Arabia.

Moslem cabinet ministers and the speaker of the National Assembly are not on speaking terms with the president who is a Christian. The cabinet has not met for more than a year.

Prime Minister Rasid Karami says the government spends 2 billion pounds a month but has an income of only 100 million pounds.

One reason for the shortage of state revenue is that private militia groups are operating their own sea outlet and allowing traders to import goods through them to avoid paying official customs duties.

Ordinary Lebanese seem surprised and puzzled by the attention the United States and other foreign powers give to the Westerners whom one store owner described as "a few hostages."

The merchant said: "We don't want to see any innocent person taken captive.

But tens of Lebanese are being kidnapped and killed every day and hardly any mention is made of their plight in the international media. Lebanon, too, is miserable. The superpowers must understand that."

Fear is the key in Beirut. "Everyone is afraid," a member of the National Assem-

bly said. "Civilians live in constant fear of being killed, abducted or, at best, raped. Politicians are a favorite target for assassination. A gunman is afraid to be found in an area controlled by a rival militia."

Camille Chamoun, 86, a former president who now is finance minister, escaped with minor wounds when a car bomb was detonated as his limousine passed in East Beirut, the Christian sector of the capital.

Within an hour of the incident, artillery duels broke out between Christians and Moslem parts of Beirut. The international airport was shelled and one shell struck a jetliner of Middle East Airlines, the national carrier, minutes after its passengers had disembarked.

The posters have been put up by Hezbollah, or the Party of God, a group backed by Iran. Most Lebanese believe Hezbollah is the umbrella organization for the groups that together are holding

Residents of West Beirut said the Lebanese Forces, a Christian militia, had intended to close the airport in the mostly Shi'ite Moslem southern suburbs, because Moslems had objected to the reopening of an air strip at the village of Halat in a Christian area 15 miles (24 kilometers) north of the capital.

Middle East Airlines, the only carrier that had been using the Beirut airport, suspended all flights Feb. 1 after it reportedly received a threat from the Lebanese Forces that any plane taking off or landing would be shelled.

Christians say it is not safe for them to use the Beirut airport and that they must have their own. Moslems say that opening a Christian airport would be partitions.

All over the Christian areas, placards have gone up: "No Beirut airport without Halat airport."

In West Beirut, the slogans reflect different concerns. Walls in the Moslem sector are plastered with posters showing the Iranian leader, Ayatollah Ruhollah Khomeini, at the center of a map of Lebanon covered with minarets with clenched fists. With arms outstretched, the slogan is shown urging Moslems to unite and set up an Islamic state in Lebanon.

The posters have been put up by Hezbollah, or the Party of God, a group backed by Iran. Most Lebanese believe Hezbollah is the umbrella organization for the groups that together are holding

25 Western hostages, 8 of them Americans.

Around some Hezbollah offices in West Beirut, bulldozers have been putting up earth mounds. "We're preparing for the American attack," a bearded bulldozer driver said.

U.S. aircraft carriers and other warships that have been sailing off the Lebanon coast for the past three weeks have heightened expectations of U.S. military action to rescue the hostages.

The maneuver and a State Department order last month for Americans to leave Lebanon within 30 days or have their passports revoked have aroused anger among the few remaining Americans in the country.

"We have strongly protested to the American government," said a 52-year-old American woman married to a Lebanese doctor. "Do they expect me to leave my husband and children and return to the United States?"

Several Americans left Lebanon within 24 hours after the order was issued.

The U.S. Embassy, in East Beirut, has been flooded with inquiries from hundreds of Lebanese who have permanent resident status in the United States. They want to know if the ban affects them too.

It is not their only apprehension. "Lebanese with green cards who live in West Beirut will not dare carry them," one such Lebanese said, "because the card might become a death warrant."

WORLD BRIEFS

U.S. Launches Titan After 2 Failures

WASHINGTON (WP) — The U.S. Air Force successfully launched a secret military satellite atop a Titan-3B rocket late Wednesday evening in the first such attempt since two accidents in 18 months grounded the Titan rocket fleet last year, the Pentagon announced Thursday. The rocket carried a military satellite that officials declined to identify.

The satellite, reportedly designed to monitor Soviet transmissions, was launched into polar orbit.

The air force secretary, Edward C. Aldridge, Jr., said the launching was "the first major step in the recovery of the space program" of the Defense Department.

Toll Put at 35 in Philippine Fighting

MANILA — Rebels attacked a village Thursday in the central Philippines, killing a local official and three others and bringing to 35 the number killed since a cease-fire expired Sunday, the military reported.

President Corazon C. Aquino said Wednesday that the armed forces would resume operations against the rebels. But she stopped short of ordering an immediate military offensive against the 23,500-member New People's Army, the military wing of the Communist Party. In the attack Thursday morning, an undetermined number of rebels converged on a village in Capiz Province, 250 miles (400 kilometers) southeast of Manila, the military headquarters said. No other details were available.

A battle Tuesday between rebels and Philippine Army soldiers left 15 persons dead, most of them civilians, in Nueva Ecija Province north of Manila. Military reports reaching Manila said that four rebels, four soldiers and five civilians were killed in clashes in widely scattered parts of the country Tuesday and Wednesday.

Navy Secretary Will Leave Pentagon

WASHINGTON (UPI) — Navy Secretary John F. Lehman Jr. has decided to resign later this year, the Pentagon said.

Robert B. Sims, the Pentagon's chief spokesman, said Mr. Lehman, 44, told Defense Secretary Caspar W. Weinberger of his decision last week. Mr. Sims said he did not believe Mr. Lehman had set a date for his resignation. He said Mr. Lehman would be returning to the private sector.

Speculation about Mr. Lehman's future has focused in part on the possibility of his becoming presidential campaign manager for Vice President George Bush. Mr. Lehman was on vacation and could not be reached for comment.



John F. Lehman Jr.

Sikh Rebels Rob Bank of \$4.5 Million

CHANDIGARH, India (UPI) — Sikh separatists wielding submachine guns and shouting slogans stole \$4.5 million on Thursday in the largest bank robbery in Indian history.

The police spokesman said between 12 and 15 Sikhs, most of them wearing police uniforms, walked into a branch of the Punjab National Bank in Ludhiana, about 60 miles (about 96 kilometers) northwest of the state capital of Chandigarh, shortly after it opened at 10:30 A.M.

Bank employees mistook them for real officers and two security guards complied with requests to hand over their weapons for inspection. The extremists then took the keys to the safe from the manager and it exploded and locked all those inside the bank in a room, the spokesman said. The Sikhs filled bags with \$4.5 million and fled in a van, he added.

Iran Said to Execute 7,000 in 1979-85

GENEVA (AP) — A United Nations report released Thursday said that at least 7,000 people were executed in Iran between 1979 and 1985, and cited reports that torture in the Islamic country continues to be widespread.

But the report, compiled by Reynaldo Galindo Pohl of El Salvador for the UN Human Rights Commission, noted a "certain evolution in the situation of human rights" in Iran. The report was based on information from opposition groups in Iran and from nongovernmental organizations, including the Bahai International Community and Amnesty International.

It said that executions numbered in the thousands from 1979 to 1981 but have been considerably lower in the past few years, at 500 in 1984 and 470 in 1985. No figure was provided for last year, but the report said the downward trend "appears to have continued." Members of the Bahai faith and other religious and ethnic minorities "continued to be subjected to harassment, discrimination and persecution," the report said.

Student Talks With Madrid Falter

MADRID (Reuters) — Violent disagreements between student leaders prevented the resumption on Thursday of talks with the Spanish government, diminishing prospects of an end soon to more than two months of unrest in high schools.

A boycott of classes by schoolchildren was in its fourth day, and a strike by private school teachers went into its third and last day. Demonstrations and incidents were reported in Zaragoza, Seville and Valladolid.

Education Minister Jose Maria Maravall, meeting leaders of the various students' unions in turn, had planned talks on Thursday with the most radical, the Students' Coordinator. But divisions within the union prevented the meeting.

For the Record

Vietnamese authorities returned 30 Chinese prisoners captured on the border between the two countries, a Chinese Foreign Ministry spokesman said Thursday.

Baroness Denise von Thyssen, the Brazilian-born former wife of the industrialist Baron Heimich von Thyssen, was extradited by Luxembourg on Thursday to Switzerland on Thursday to face charges of breach of trust and embezzlement.

Egyptians voted Thursday in a referendum to dissolve parliament and clear the way for general elections in April. An overwhelming vote for dissolution of the 448-seat People's Assembly, elected for a five-year term in May 1984, was expected. Politicians and the national press predicted general elections would be held on April 9.

A Paraguayan opposition leader has been freed after five months in prison for inciting rebellion against President Alfredo Stroessner; officials said Thursday. Miguel Abdon Sagastiz of the Authentic Radical Liberal Party leader was arrested Sept. 13 following a speech. (Reuters)

A Bavarian company has placed in storage 2,000 tons of powdered milk contaminated by radiation from last year's Soviet nuclear accident at Chernobyl, Environment Minister Walter Wallmann said Thursday. (AP)



Deng Liqun

China Urged To Keep Grip On Students

United Press International

BEIJING — A Communist Party hard-liner warned Thursday that more campus demonstrations for democracy may erupt in China unless students are placed under tighter ideological control.

Deng Liqun, a member of the powerful Communist Party Secretariat and one of the leaders of a conservative faction believed opposed to some major changes, said Beijing could not overlook the problem of student unrest.

"If we don't deal with it effectively, there will be disorder," Mr. Deng said in a long speech published by major newspapers and broadcast on Radio Beijing.

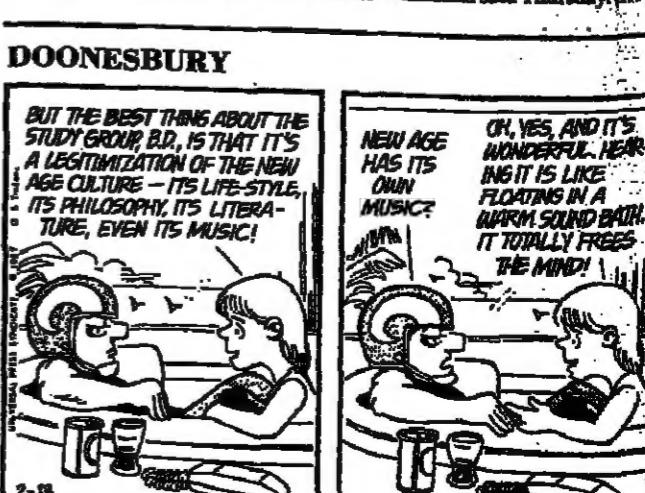
Mr. Deng, who lost his post as party propagandist chief in 1985 for being overzealous in an aborted campaign against Western "spiritual pollution," has re-emerged as one of the forces behind a new "struggle" against capitalist trends.

The crackdown was launched after student demonstrations for democracy that erupted in at least 13 cities between Dec. 5 and Jan. 1. No public protests have been reported since Jan. 1. Universities have been closed since mid-January for winter holidays and will not reopen until next week.

"We must still bear in mind that some young people have not thought things through, and say they make trouble because they want democracy, freedom and human rights," Mr. Deng said in a Jan. 25 speech that was published for the first time Thursday.

"They even believe our party, government and officials are completely unacceptable," Mr. Deng said. "If this problem in their thinking is not changed, then they will demonstrate again when the opportunity arises."

DOONESBURY



Israelis Clash In Court on Hostage Plan

Reuters

JERUSALEM — Families of people killed by Arab guerrillas scuffled with the police on Thursday in Israel's Supreme Court after the court delayed hearing their appeal to prevent any swap of Arab guerrillas for captives in Beirut.

The clash, which resulted in one arrest and one detention, underscored public pressure on the government to reject a proposal to trade 400 Arab prisoners for an Israeli airman as part of a package to obtain freedom for four hostages in Beirut.

The families asked the court Wednesday to issue a temporary restraining order preventing the government from releasing convicted guerrillas, especially those who attacked their families.

The State Attorney's Office prepared a written statement to the court Thursday saying there was no basis for media reports of Israeli negotiations for a prisoner swap.

Shouting "death to terrorists," relatives carrying large photographs of guerrilla victims and a sign saying "Don't Free Terrorists" were escorted from the courthouse by about two dozen policemen.

Police arrested and handcuffed Asher Amedi, the brother of a Jewish seminary student who was fatally knifed by guerrillas in Jerusalem last year.

The scuffle broke out after the three-judge court ordered a police investigation into efforts by the families to invade the chambers of the president of the court on Wednesday. It postponed further discussion before the court until the inquiry is completed.

"If the man who killed my daughter is freed, I will try to find him," said Rachamim Adi, whose 11-year-old daughter was killed in a Jerusalem bus bombing in 1984. "I don't mind sitting in jail but I will sit under the ground."

Israel has said it will not bow to demands by Beirut kidnappers to free the 400 prisoners in exchange for three American university lecturers and an Iranian colleague held hostage in Lebanon.

Israeli leaders have said, however, that they might consider a proposal by the Shi'ite Moslem militia leader Nasir Berri to free an Israeli air navigator held by Mr. Berri's Amal militia group in exchange for the 400 prisoners.

In Washington on Wednesday, Secretary of State George P. Shultz said the U.S. government wanted no trade of American hostages in Lebanon for Arab prisoners in Israel. "We believe in no deals," Mr. Shultz said on television. "We don't encourage other countries to make deals. We discourage it."

Mr. Shultz, asked if he had expressed the U.S. position to Israel, said: "They know very well our views, and your program is another way of expressing it."

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SHERIDAN MORLEY
IN THE KEEPS OF THE WORLD
PERSPECTIVE CRITICS
OF THE LONDON THEATRE



The Associated Press

A Palestinian mother joined a protest Thursday in West Beirut against a Shi'ite Moslem blockade of refugee camps.

By David B. Ottaway
Washington Post Service

TEHRAN — Foreign Minister Ali Akbar Velayati left Thursday for Moscow, where he is scheduled to hold talks on the Gulf war, the Tehran radio said. It is the first visit to Moscow by a ranking Iranian official since the 1979 revolution.

In a brief statement, Mr. Velayati said he intended to put forward Iran's point of view with regard to Moscow's support for Iraq in the Gulf war. The Soviet Union stands alongside France as Iran's biggest military supplier.

Mr. Velayati said he is willing to have neighborly relations with the Soviet Union based on mutual respect and noninterference.

The visit is at the invitation of Mr. Velyat's Soviet counterpart, Eduard A. Shevardnadze, the radio reported.

Because of this new attitude, Mr.

By Loren Jenkins
Washington Post Service

VATICAN CITY — A Vatican appeal to the world's Catholics for additional funds to offset the church's growing budget deficits has met with such feeble response that rigid austerity measures have been

Bush, on Political Trip, Assails Decision Process In Arms Sales to Iran

By David Hoffman
Washington Post Service

LANSING, Michigan — Vice President George Bush, speaking Thursday during a political trip here, criticized the way decisions were made in President Ronald Reagan's clandestine arms sales to Iran and for the first time said he had reservations about the policy.

Questioned about whether he had advised Mr. Reagan to proceed with the arms sales, Mr. Bush did not respond directly, and he declined to provide details about his reservations.

The report of the Senate Select Committee on Intelligence investigating the arms sales indicated that at one point at least in the decision-making process, Mr. Bush supported the sales of arms to Iran.

Mr. Bush said Thursday that many senior U.S. officials had been excluded from meetings concerning the Iran initiative. He did not provide specifics.

But said he had recommended to the Tower Commission, the presidential commission investigating the sales, that such policies not be approved in the future unless all appropriate officials were "thoroughly briefed."

"That didn't take place," Mr. Bush said, "and to the degree it didn't, I don't think the president was well served."

Mr. Bush was asked about his reaction to information provided in July by a key Israeli official that the United States was dealing with the

most radical elements in Iran, rather than with moderates there as President Reagan has claimed.

In retrospect, Mr. Bush said, referring to the memo and the disclosure that the United States was dealing with the radicals, "It does raise a flag for me. It didn't at the time, frankly."

Mr. Bush also said he believed that the difference between radical and moderate elements in Iran was "a question of semantics."

Mr. Bush was told about the connection with the radicals by Amiram Nir, a counterterrorism adviser to Shimon Peres, who was then Israel's prime minister. Details of the meeting were recently made public in a memo written last summer by Mr. Bush's chief of staff, Craig L. Fuller.

Mr. Reagan has defended the Iran initiative by depicting it as an effort to reach out to moderate factions in that country. But the White House acknowledged afterward that the United States also was dealing with radical elements in the Iranian regime.

Asked whether Mr. Reagan was trading arms for hostages, Mr. Bush acknowledged that there was a "perception" that a swap was made. He said that Mr. Reagan still believed that he did not authorize such a trade and that it was not U.S. policy.

Mr. Bush conceded that the perception of a trade resulted from documents detailing the administration's efforts at the time.

Mr. Bush acknowledged that the



U.S. Latin Expert Accuses Official of 'McCarthyism'

By John M. Goshko
Washington Post Service

WASHINGTON — Francis J. McNeil, one of the State Department's most widely respected experts on Latin America, has retired as deputy director of intelligence, charging that he was a victim of an "exercise in McCarthyism" by Elliott Abrams, assistant secretary for inter-American affairs.

Mr. Abrams could not be reached for direct comment on Mr. McNeil's charges. But one of Mr. Abrams' aides said he had been authorized to deny that there had been a " vendetta" against Mr. McNeil.

Mr. Abrams, a political appointee who has served in three assistant secretary posts since 1981, is closely identified with administration conservatives who advocate continued U.S. backing for the rebels in Nicaragua.

He also said that Mr. Abrams had accused him of disclosures to the press, and that partly because of this assertion he was investigated for several months about whether he was a security risk.

The investigation exonerated Mr. McNeil, 54, of charges that he gave a confidential departmental document to The Washington Post and provided false information about the U.S. ambassador in Venezuela to the press there.

In addition, Mr. McNeil asserted that Mr. Abrams's opposition had prevented his nomination as ambassador to Peru even though he had been tentatively recommended for the post by senior department officials.

They said Wednesday that the request for \$105 million in new aid would probably not be made until September, when the administration hopes the political climate will have improved.

Even then, the outlook remains grim, as the request is expected to coincide with the completion of potentially embarrassing investigations by congressional select committees and a special prosecutor into the secret arms sales to Iran and the diversion of profits to the Nicaraguan rebels.

Listing problems affecting the administration's ability to persuade Congress to provide new aid for the contras, as the insurgents are known, officials point to the expected resigna-

tion of an important civilian leader of the rebel movement, the absence of any major rebel military victories after more than four years in the field, reports of human rights abuses by the contras, the increasing reluctance of Nicaragua's neighbors to shelter them, internal squabbles within the administration and continuing revelations in the Iran-contra affair.

These officials, who also asked not to be identified, said Mr. Abrams opposed making Mr. McNeil ambassador to Peru or any other Latin American country. In meetings with other officials, they said, Mr. Abrams characterized Mr. McNeil as a "leaker" and someone whose loyalty to President Ronald Reagan's policies was suspect.

ment officials believed that there was a better candidate. The official implied that Mr. McNeil's charges stemmed from resentment.

However, four senior department officials not directly involved in Latin America policy, but with knowledge of the situation, supported Mr. McNeil's version of the dispute.

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Reagan to Delay Request for More Contra Aid

By Elaine Sciolino
New York Times Service

WASHINGTON — Protests for a renewal of congressional aid to Nicaraguan rebels are so bleak that the Reagan administration has decided to postpone its formal request for several months, according to administration officials.

They said Wednesday that the request for \$105 million in new aid would probably not be made until September, when the administration hopes the political climate will have improved.

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These have been sharp divisions even within the State Department on how to pursue the contra policy.

The most dramatic is the retirement of the director of the Bureau of Intelligence and Research, Francis J. McNeil, an expert on Latin America in the department, who charged that his analysis of American policy in Central America made him the victim of an "exercise in McCarthyism" by Elliott Abrams, assistant secretary of state for inter-American affairs.

The disarray in contra policy is unlikely to affect the \$40 million final installment of the \$100 million appropriated last year for the

contras. A bill to cut the \$40 million is not expected to receive the necessary two-thirds vote in both houses to override a presidential veto. But the intensity of the opposition could set the tone for the expected debate in the fall on the \$105 million.

"The administration is obviously trying to buy time," said Senator Christopher J. Dodd, Democrat of Connecticut and co-sponsor of the bill to cut the \$40 million. "If there were a vote in Congress today to renew aid, Republicans and Democrats alike would reject it."

Mr. Abrams acknowledged that the contras could run out of money during the summer, although he emphasized that the \$40 million is supposed to last until the end of September.

Mr. Abrams conceded that the expected resignation of Arturo José Cruz, an economist and former official of the Sandinista government whose leadership has been important in getting Congress to approve contra aid, would hurt the Reagan administration's ability to obtain new financing for the rebels.

McFarlane Reported in Good Spirits

By Martin Tolchin
New York Times Service

WASHINGTON — The state of mind of Robert C. McFarlane was said to have improved as Washington officials closed ranks behind him.

"He's in good spirits," said a visitor to Mr. McFarlane on Wednesday at Bethesda Naval Hospital, where the former national security adviser is recuperating from a Valium overdose, apparently in a suicide attempt.

There are no plans to discharge Mr. McFarlane, according to a person familiar with the case. He added that as soon as Mr. McFarlane recovers, the former official had every intention of fully cooperating with the pending investigations of U.S. arms sales to Iran, in which Mr. McFarlane played a key role.

President Ronald Reagan and Vice President George Bush, meanwhile, have expressed their concern in telephone conversations with Mr. McFarlane's wife, Jonda, and Mr. Bush also sent a message to Mr. McFarlane at the hospital.

Mr. Reagan was "very concerned and upset for Bob, and will call him," the White House spokesman, Martin Fitzwater, told reporters.

"The president talked to Mrs. McFarlane, and will talk to Sud as soon as possible."

Mr. McFarlane, 49, was admitted to the hospital on Monday after taking 20 to 30 Valium pills. Police officials called the overdose a suicide attempt, based on both the large number of pills taken and the fact that Mr. McFarlane had written a note connected with the incident.

People sympathetic to Mr. McFarlane and familiar with his mental outlook attributed the overdose to Mr. McFarlane's sense of having failed to live up to his own standards, rather than his fear of pending investigations.

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Prime Minister Loses Backing, Quits in Suriname

United Press International

PARAMARIBO, Suriname — Prime Minister Perub Radhakishun resigned Thursday after the nine-member Supreme Council, Suriname's top policy making body, withdrew its support for him, official reports said.

The resignation came a day after Foreign Minister Henk Herrenberg, a close ally of Suriname's leader, Commander Desi Bouterse, resigned over differences with the prime minister. Deputy Prime Minister Jules Wijdenbosch was named to fill in for Mr. Radhakishun temporarily.

At least one cabinet member, Public Health Minister Arti Jersum, resigned Thursday in solidarity with Mr. Radhakishun, and others were expected to follow suit.

Mr. Radhakishun had reportedly opposed the expulsion of Dirk Jan van Houten, the Dutch ambassador to Paramaribo, who was accused of interfering in the former Dutch colony's internal affairs.



BACK IN TRAINING — Richard Covey, John Lounge and David Hilmers, members of the crew scheduled for the first U.S. space shuttle mission since the Challenger disaster, train at the Johnson Space Center in Houston. Flights are to resume next year.

Eastern U.S. Air Traffic Rerouted to Curb Delays

By Laura Parker
Washington Post Service

WASHINGTON — Commercial air traffic on the U.S. East Coast was shifted to a new network of routes on Thursday as a major plan to reduce airport delays went into effect.

However, air traffic controllers said the plan might produce the opposite effect because of staff shortages and lack of training.

The changes are part of the Federal Aviation Administration's new expanded East Coast plan, designed to simplify air routes and ease departure delays at airports.

The administrator of the FAA, Donald D. Engen, acknowledged on Wednesday that the plan "is not a panacea for the delay problems at the New York airports or elsewhere." But he said that the route changes would eliminate bottle-necks and enable controllers to direct flights more efficiently.

"The results should be reflected in reduced flight delays," he said.

The plan, which has been under consideration by the FAA for five years, establishes new departure and arrival routes at the three large commercial airports in the New York area — John F. Kennedy, La Guardia and Newark — as well as satellite airports.

The agency said the new routes would be the equivalent of adding lanes to a freeway, allowing for an increase in air traffic.

Mr. Engen said that although the major changes involve the New York metropolitan area, the new routes will affect all air traffic from Maine to Miami and west to Chicago.

He said traffic around New York accounts for 30 percent of the delays nationally.

Some controllers in New York complained that they had received their first training only a week ago and added that the plan involved too many changes to be memorized so quickly.

Ninety controllers in the New York Air Route Traffic Control Center, or TRACON, signed a petition warning that they were understaffed and unprepared to handle the route changes.

The controllers have had no union since August 1981 when 11,400 striking controllers were fired by President Ronald Reagan.

Controllers Gain Right to Election For a New Union

Washington Post Service

WASHINGTON — Organizers of a new air traffic controllers union have won the right to hold an election, and will probably do so in April or May, according to the Federal Labor Relations Authority.

"They appear to have an adequate showing of interest," Jessie Reuben, director of the authority's Washington office, said Wednesday.

Before an election could be ordered, 30 percent of the approximately 12,500 controllers eligible to join the new union, the National Air Traffic Controllers Association, were required to submit signatures seeking U.S. recognition.

The controllers have had no union since August 1981 when 11,400 striking controllers were fired by President Ronald Reagan.

Organizers of the new union have been trying to organize controllers since 1983.

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Only 4,000 Persons Detained, Pretoria Says

By William Claiborne

Washington Post Service

JOHANNESBURG — The South African government said Thursday that fewer than 4,000 persons were detained in the last four months of 1986 under the country's state of emergency.

The figure represents only a fraction of the total that anti-apartheid monitoring groups say have been imprisoned without charges since emergency rule was imposed in June.

Adrian Vlok, the minister of law and order, told Parliament that the total number held since June does not approach estimates of more than 20,000 given by opposition groups, even when taking into account detainees held for less than 30 days and not included in the list.

South Africa has severely restricted the reporting of unrest or dissent. Correspondents may be fined or imprisoned for failing to submit to censors articles that contravene regulations.

Wide discrepancies between official government figures of detainees and those issued by anti-apartheid groups have long been commonplace, but Mr. Vlok's disclosure raised serious questions about the reliability of the reporting methods either of the government or the independent monitoring groups.

There was confusion about the total numbers detained since, in September, the government gave Parliament a list of more than 9,000 persons held for more than 30 days. Mr. Vlok's aides said the new list was not an addition, but represented the number detained for more than 30 days between Sept. 12 and Jan. 1.

Mr. Vlok said that among the 3,857 detainees on his list are 281 children under the age of 15, including three under the age of 12 and 18 who are just 12.

Helen Suzman, a member of Parliament from the liberal opposition Progressive Federal Party, said Thursday that "many thousands" of detainees who were held for less than 30 days and not included in the official statistics would account for part of the gap.

Mrs. Suzman also noted that Mr. Vlok's list includes only persons detained under the emergency regulations, and not "large numbers" imprisoned for up to 180-day periods under South Africa's long-standing Internal Security Act.

"The whole system of detention without trial," she said, "is a disgrace to a civilized country, which South Africa purports to be."

Two anti-apartheid organizations, the Desisians Parents' Support Committee and the Black Sash women's group, have issued cumulative estimates of as many as 29,000 detained without formal charges.

Mr. Vlok said that more than 1,000 persons on the new official list had appeared in court on charges of murder, arson, malicious damage to property, intimidation and assault.

Children as young as 12, he said, had acted as judges in "people's courts" and had sentenced suspected collaborators to death by the execution ritual of "necklacing," in which a gasoline-filled tire is placed around the victim's neck and ignited.

Meanwhile, President Pieter W. Botha said talks between a special cabinet committee and representatives of the country's major newspaper chains aimed at strengthening self-censorship had broken down, and that emergency press restrictions would remain indefinitely.

Mr. Botha said in a statement that no purpose would be served by holding a scheduled meeting Friday with the newspaper publishers. He said the self-governing Media Council, a watchdog agency, and major newspaper executives had been unable to reach a consensus on the question of subjecting themselves to an amended code of conduct.

Spy Inquiry Weakens U.S. Security at Moscow Post

By Gary Lee

Washington Post Service

MOSCOW — The investigation of a former U.S. Embassy guard charged with spying for the Soviet Union has led to dismissal of several other marines from the embassy security force, according to U.S. Ambassador Arthur A. Hartman.

The plan would limit hospital and doctor expenses to \$2,000 a year for victims of major health problems.

To receive the extra coverage, recipients of Medicare would pay an additional \$4.92 a month above the current monthly cost of \$17.90. In case of catastrophic illness, the coverage would provide for an unlimited number of days of hospital care.

Catastrophic health care would not cover such expenses as prescription drugs, eye and dental care and long-term nursing home care.

The announcement of the proposal by Mr. Reagan's chief spokesman, Marin Fitzwater, was detailed in detail. There was no specific mention of catastrophic insurance for people under age 65.

The actual legislation for the plan has not been drafted, Mr. Fitzwater said.

Mr. Reagan's decision represented a victory for the secretary of health and human services, Dr. Otis R. Bowen, whose plan is opposed by the private health insurance industry. The topic had been the subject of intense debate among Mr. Reagan's domestic policy advisers.

The Bowen plan has also been criticized by conservatives who had promoted a private-sector solution to the problem of costs for catastrophic illness.

The White House said the voluntary Part B Medicare premium, which now generally covers doctor bills, would be increased \$39 a year to insure Medicare beneficiaries against expenses of more than \$2,000 a year for hospital and doctor bills.

Now the Medicare hospital insurance program, which is financed by Social Security tax deductions, covers only the 2d through 60th days of a hospital stay.

Dr. Bowen said Thursday that he did not believe the insurance industry would be hurt by the plan. "I think the industry can be stimulated" by selling insurance to cover the \$2,000 that the patient would otherwise have to pay, he said. Such coverage is already being offered by "Medigap" insurance.

Mr. Fitzwater maintained that the proposal would pay for itself through the higher premiums and was "consistent with the Reagan philosophy of providing coverage where possible at the lowest possible cost."

The Associated Press KARACHI, Pakistan — Riot police clubbed, tear-gassed and arrested Karachi's mayor and scores of city council members on Thursday to block a protest march over police bats.

About 200 elected members of the Karachi city council tried to march on the Sindh Provincial Assembly to demand that the provincial government turn over all motor vehicle taxes collected from Karachi. The council, which maintains roads in Pakistan's largest city, is demanding the return of the funds to help meet costs.

Hundreds of riot police were deployed along the march route and clashed with the marchers three times, firing tear gas from canisters and beating the council members with batons. At least 12 council members were injured by canisters.

When the police and council members clashed again outside the assembly, 99 persons, including Mayor Abdul Sattar Afzani, were arrested, the police said. They said the council members were being held at police stations, but that no charges had been filed.

It is a peaceful procession," the mayor said, "and the police have brutally beaten and fired tear gas on the elected representatives of the people. It is very shameful."

The Associated Press A Marine Corps spokesman in Washington said Wednesday that no marine had been returned to Quantico from Moscow or Vienna since he had any been subpoenaed in the Lonetree investigation. The Washington Post reported.

A State Department official later said that five marines had been withdrawn from Moscow but that the action was not related to the Lonetree investigation.

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مكتبة الأصل

Reagan Backs Medicare For Catastrophic Illness

The Associated Press

WASHINGTON — President Ronald Reagan proposed Thursday that Congress approve a program giving 30 million Americans "that last full measure of security" by providing catastrophic health care under Medicare, the federal health insurance program for the elderly and disabled.

The plan would limit hospital and doctor expenses to \$2,000 a year for victims of major health problems.

To receive the extra coverage, recipients of Medicare would pay an additional \$4.92 a month above the current monthly cost of \$17.90. In case of catastrophic illness, the coverage would provide for an unlimited number of days of hospital care.

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NSC:

Contra Links Seen

(Continued from Page 1)
former Republican senator from Texas

The two-sentence announcement by the panel did not specify the nature of the material that entailed a delay in its report. The statement emphasized that the delay was not caused by Mr. Reagan's testimony or by the drug overdose taken by Robert C. McFarlane, the former national security adviser who had been scheduled to appear before the panel Monday.

Other investigative bodies besides the Tower panel, including House and Senate committees, have found evidence that National Security Council aides worked with the Nicaraguan rebels known as the contras in the period when U.S. involvement was sharply restricted by law. The sources said the Tower commission had uncovered striking material relating to this activity.

Mr. Reagan discussed his part in the Iran arms deal, and the subsequent diversion of profits to the Nicaraguan rebels, in a 70-minute meeting Wednesday with the three-member commission.

In a statement afterward, the president's chief spokesman, Marlin Fitzwater, said: "Today's meeting discussed the National Security Council process and the development and execution of the Iran policy and the president's role."

The many investigations of the Iran affair have still not determined how much the president knew about the operation that was being run out of the White House or when he gave his approval. It is also unclear when he learned about the transfer of profits from that deal to the contras.

Mr. Reagan has denied knowing about the diversion at the time it occurred last year.

Last month officials familiar with the Tower panel's investigation said little progress was being made. But in recent days those officials have indicated that a breakthrough might be imminent.

"They've got something," one official said.

Since mid-December the panel has interviewed more than 50 major figures in the Iran affair as well as former administration officials with intimate knowledge of the White House foreign policy machinery.

Last month investigators went to Europe to interview Manucher Ghorbani, the Iranian who served as middleman for the deal, and Adnan M. Khoshoggi, the Saudi arms dealer who helped finance the transactions.

Meanwhile, a dispute surfaced Wednesday between the Tower board and the White House over the handling of Mr. Reagan's private notes on the Iran affair.

Notes relating to certain key dates were requested by the panel. After the president and his counsel, Peter Wallison, reviewed the material typed excerpts deemed relevant by the White House were delivered to the panel Tuesday afternoon.

But the panel had to read the notes while a White House courier stood by, waiting to take back the material.

"We were not permitted to make copies of the notes, and we couldn't keep them," said an official connected with the Tower board.

Mr. Fitzwater, the president's spokesman, was asked how such an arrangement could be reconciled with Mr. Reagan's frequent assertion that he wanted all information on the Iran affair to be released as quickly as possible.

The spokesman replied that it was difficult to balance the White House's desire to provide information and the desire to "protect the privacy of the president."

Mr. Fitzwater also discussed the president's decision not to order two former aides, Vice Admiral John M. Poindexter and Lieutenant Colonel Oliver L. North, to testify before the Tower board.

The board had asked Mr. Reagan to use his power as commander in chief to order the two officers to testify. They have refused to talk, invoking the constitutional safeguard against self-incrimination.

In a statement issued Tuesday night, Mr. Fitzwater said such an order "would be unlawful" because it would violate the officers' constitutional rights as well as the Uniform Code of Military Justice.

On Wednesday, he said that, had such an order been issued and had the two officers testified, they might have acquired "total immunity" from prosecution relating to the arms deal and its aftermath.

"If they chose to comply with an illegal order and testify," he said, "they would put themselves in a position where, in effect, total immunity would be granted, because in any subsequent prosecution it could be argued that their testimony was gained illegally."

He said the "immunity question" was part of the reason Mr. Reagan rejected the appeal of the Tower board, even though the president had repeatedly urged the two to testify voluntarily.

Marseille Bank Robbers Said to Get \$33 Million

Reuters

MARSEILLE — A gang that robbed a Marseille bank on Monday and then vanished in the sewer system with the contents of hundreds of safe deposit boxes netted an estimated 200 million francs (\$33.2 million), police sources said Thursday.

The size of the haul would be a record for France and second only to Britain's 1983 robbery of more than £26 million (\$39 million), mainly in gold bullion, from the Brinks Mat company at London's Heathrow airport.



George P. Shultz: Concerns led to extensive investigation.

Reagan Was Confronted By Shultz Over Iran

By Don Oberdorfer

Washington Post Service

WASHINGTON — Secretary of State George P. Shultz had a tense confrontation with President Ronald Reagan on Nov. 20 after learning that testimony prepared for him through the higher premiums was "consistent with the Reagan philosophy of providing coverage where possible at the lowest possible cost."

Mr. Shultz's urgent appeal to Mr. Reagan in the White House living quarters, and a parallel objection made to the Justice Department by Mr. Shultz's legal counsel, prompted Attorney General Edwin Meese 3d to begin an investigation into the affair, the officials said Wednesday.

It was this inquiry that culminated in Mr. Meese's disclosure five days later that money from the Iran arms deal had been diverted to aid the Nicaraguan rebels.

"This very much concerned Shultz," one official said, because the secretary knew that senior government officials had been aware at the time that the shipment contained Hawk missiles.

Mr. Shultz also was "shocked" by Mr. Reagan's lack of accurate information about the Iran arms deal, the official said.

Anti-Austerity Strike By One Million Greeks Disrupts Service, Travel

Reuters

ATHENS — More than a million Greek workers demanding pay increases and more jobs struck for 24 hours on Thursday to protest an economic austerity program introduced by the Socialist government.

The strike, the first in a weeklong series of work stoppages throughout the country, grounded most flights of the national airline Olympic Airways and severely disrupted rail and bus transportation.

A leftist group, the Revolutionary Popular Struggle, claimed responsibility for a bomb explosion that occurred overnight at a branch of the Economic Ministry. The group said it was protesting the shift to a more conservative economic policy by Prime Minister Andreas Papandreou.

The blast heavily damaged the building, which houses the offices dealing with inquiries about the value-added tax. The new levy on goods and services was introduced in Greece last month despite strong opposition from trade unions.

Hospitals operated on skeleton staffs; power cuts affected many parts of the country and theaters were closed because of the strike Thursday.

Bank workers joined the stoppage and said they would continue their strike for a week. Greeks rushed to withdraw money from their accounts Wednesday, and some Athens banks reported cash shortages.

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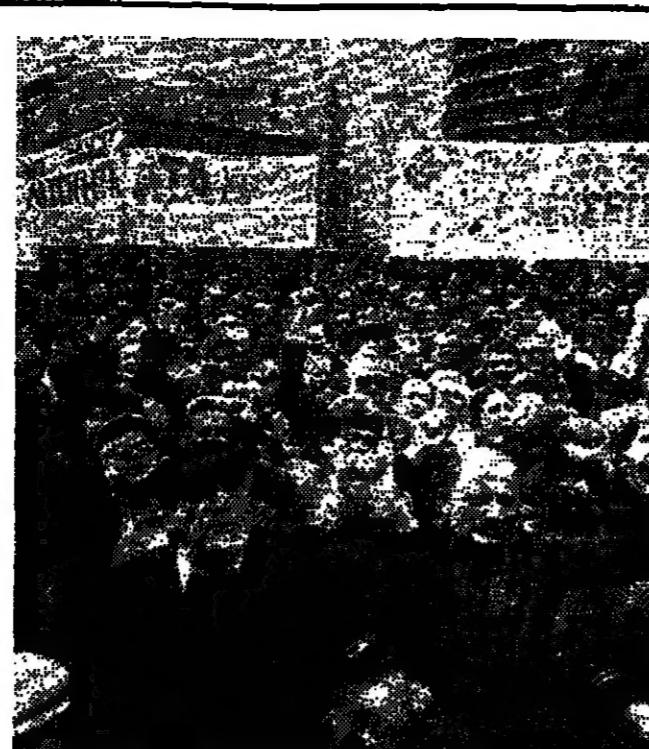
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Workers at the anti-austerity rally Thursday in Athens.

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OPINION

I Hear People Screaming; Of Course, I Pass Them By

By A.M. Rosenthal

NEW YORK — In the early morning of March 13, 1964, a woman named Catherine Genovese walked to her home on Austin Street in the borough of Queens and was stabbed to death. Her killer attacked her once, ran when she screamed, returned again, attacked again and then once more. And while she screamed her young life out on Austin Street, 38 people, by police count, heard her. Some raised their windows. Not one did anything to come to her help or even called the police.

In life, few knew her outside her family but in the manner of her dying, and

ON MY MIND

because of the silent witnesses, she lives. Studies have been made of the Genovese case, psychologists have dissected it and some are still held about it in universities. She lives on in many individual memories, including my own.

I was involved, as an editor, in the coverage of her death. For a long time I could not drive the story from my mind. I hoped that I would never be a silent witness. But I know that now I am.

Almost every day I see a body sprawled on the sidewalk. Some days I see quite a number. Some show signs of life; others are still. I assume they are all alive but I never stop to find out, or bend over to see if I could be of help.

They do not scream, as did Catherine Genovese. If they did I would probably walk away even faster. They are dirty, sometimes foul, unattractive victims.

I do hear people screaming, almost every day and sometimes several times a day. They do not lie on the ground but run about the streets.

I feel better about passing them by

A Salvo for the Homeless

SUDDENLY, two pieces of legislation to help the homeless — one for \$50 million in emergency funds, the other for a \$500 million long-term package of programs — are rolling with the kind of momentum that seems to have "sure thing" written all over it.

Representative Jim Wright, the new speaker of the House, is backing the two bills strongly. And on Feb. 4, the president sent the \$50 million bill to the president.

The test of the new House leadership is unreal. A sum of \$550 million has been the kind of money Congress upstairs only when the Pentagon wants a new toy. Maybe the politicians are hearing it wrong; perhaps they think the money is for the USS Homeless, a new submarine.

—Cohen McCarty.

The New York Times

LETTERS TO THE EDITOR

In Asia, the Free Market Works Without Freedom

In "A Ten-Year Cycle Catches Perilously Halfway" (Jan. 28), William Safire contends that "a free market works well with free people; it cannot work well with unfree people." If this were so, India, and the Philippines should be doing rather well.

Instead, the four societies in Asia which have scored the best with market-related development have been authoritarian. It doesn't seem to matter if the authority is based upon a reviled treaty, as in Hong Kong; or if it espouses farcical ambitions, as Taiwan does with its aim to regain the mainland; or if it is perpetually in the mida of a civil war situation, as South Korea is; or if the aging leader is going a bit gaga, as Prime Minister Lee Kuan Yew of Singapore has been with his polygamy and eugenic pronouncements. What matters is that the authorities can maintain a certain order, relatively free of corruption.

This need to maintain order is no small concern, particularly in Chi-

Avoiding Domino Panic

In response to the opinion column, "Bungling in Washington Feeds Fantasies in Beira" (Feb. 5):

Seven years ago, the Baghdad regime escalated a war of words into one of the bloodiest conflicts of this century. It has initiated the bombing of civilian targets in a score of Iranian cities and bulldozed into rubble dozens of Iranian border settlements under the occupation of its forces. It has repeatedly waged chemical warfare with horrifying results. Evidence exists that is now preparing to use even deadlier nerve gases.

Iraq has deported over 200,000 citizens for being "subversive," while its treatment of Kurds, Jews and others has been amply documented by Amnesty International.

All this by a regime that is drawn exclusively from a religious minority and dominated by a family clique headed by Saddam Hussein.

The panic of Mr. Hussein should not be allowed to become the panic of the West or even of the other Arab states. Let the "domino theory" remain where it belongs: buried in the jungles of Southeast Asia.

KEWMARS BOZORGMEHR, London

Regarding the editorial "For Iraq, Not for Hussein" (Feb. 9):

It is heartwarming that the West is at last beginning to share our concern in wishing to stop this war through the removal of Saddam Hussein and his regime before it destroys Iraq and irreparably damages the whole area.

SAAD SALEM JARR, Leader of the New Umma Party, London

Spain's Shaky Enclaves

Regarding the opinion column, "Complicacy, Intrigue Are Closing In on Spain," (Feb. 4) by Victor de la Serna:

In addition to Socialist complacency in office, the disarray of the parliamentary right, and the political paralysis in the Basque country, there is another threat to Spain. This is the explosive situation of the enclaves of Melilla and Ceuta. Spain has promised to give nationality to the thousands of lifetime Moroccan residents of those cities, but it is acting so slowly, with such insensitivity to the feelings of the local Moslems, that unless a rapid change of policy and tactics occurs, it will be faced with a virtually insoluble nationalist-religious revolt in its North African enclaves.

GABRIEL JACKSON, Barcelona



Saddam Hussein. Drawing by Slobodan

that would have culminated in the "final offensive" against Iraq.

If these revelations are accurate, what has been branded a scandal may stand as one of the administration's finest achievements.

I suspect that, when he reigned two rivers to flush the Aegean stable, Hercules sent many of the king's best men down the tube together with their offal. One wonders what would have happened if the "parallel" diplomacy — which even the most virtuous governments must sometimes employ as a buffer against catastrophe — had been conducted from the start under the scrutiny of self-appointed sages of Mr. Hofberg's persuasion.

DMITRI NABOKOV, Montreux, Switzerland



The Victorians Reconsidered: A Curious, Restless Amalgam

By David Cannadine

NEW YORK — Despite the undoubtedly antiquity of the British monarchy, many of its so-called traditional aspects are in fact no older than the Statue of Liberty. Its broadly based popular appeal, its position above the battle of politics and its incomparably splendid ceremonial — all of which were in evidence at last year's royal wedding — only date back in their present form to the Golden Jubilee of Queen Victoria, celebrated 100 years ago in 1887.

The centenary of that first modern royal jamboree provides an ideal opportunity for reassessing the Victorian Age

MEANWHILE

and the Victorian monarchy — a monarchy that contained the seeds of the future but also owed much to the past.

It is often supposed that from the very beginning, Queen Victoria and Prince Albert inaugurated a new and modern style of monarchy, turning their backs on the debts, divorces and debauchery of their Hanoverian predecessors and establishing a very different royal regime, based on decency and dutifulness. Under Albert's tutelage, Victoria abandoned her early partiality for the Whigs and sought to place the monarchy above political parties. And their cozy, comfortable family life at Osborne and Balmoral, so effectively evoked by Winterhalter and Landseer, seemed the very model of bourgeois decorum.

But for all its modern overtones, this is only a partial picture of the early Victorian monarchy. However hard she tried, the queen could never obliterate her Hanoverian ancestry.

Physically, she bore a marked resemblance to her grandfather, King George III, and like all the Hanoverians she was highly sexed. Her eldest son, the Prince of Wales and future King Edward VII, resembled King George IV in his greed, his gluttony, his debauch and his philandering. And Victoria's impassioned and unyielding opposition to Irish home rule in the 1880s was reminiscent of George III's hostility to American independence 100 years before.

Nor did Victoria and Albert seek to remove the monarchy from all political involvement. On the contrary, in their ardent support of the prime minister, Sir Robert Peel, and their violent hostility to the foreign secretary, Lord Palmerston, they remained incorrigibly and unapologetically partisan.

Albert bombarded government ministers with letters and memorandums, believing it was his duty to "watch and control" government and sought to increase the political power of the monar-

chy, not reduce it. And Victoria agreed, protesting throughout her reign that "she cannot and will not be the queen of a democratic and will not be the queen of a democratic monarchy."

Even the picture of Victorian royal family life as a middle-class idyll needs modification. Victoria resented pregnancy, hated child birth and was unable to establish a close relationship with any of her children. Albert found it impossible to suppress his anger and disappointment when the Prince of Wales did not grow up into the planned and programmed paragon he wanted his eldest son to be. Many of their children's marriages — like that of Victoria and Albert themselves — were arranged rather than amorous, according to the traditional dictates of dynastic aggrandizement.

In all these ways, the early Victorian monarchy, like the early Victorian age, had more in common with what was to come after. Only because of more deeply rooted changes in British and international society did late 19th century royalty evolve into a very different institution, based on personal popularity, political impartiality and spectacular ceremony. But while this may have been the beginning of the modern British monarchy, it was more the denial than the fulfillment of Victoria and Albert's initial aspirations.

Like so many aspects of that volcanic and protean era we call the Victorian age — its politics, its religion, its culture, its architecture, its thought — the Victorian monarchy was a curious and restless amalgam of the past, the present and the future. As the 20th century perspective on the Victorians lengthens, we can begin to appreciate this diversity more vividly and thus strike a more accurate balance between what was old and what was new in their civilization. And so, in learning more about them, we ultimately come to learn more about ourselves.

The writer is a professor at Cambridge University. This article was adapted by The New York Times from an address Feb. 7 at ceremonies sponsored by the British Institute of the United States marking the 150th anniversary of Queen Victoria's accession to the throne.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

General News

KENYA: African Tradition Runs Afoul of Contemporary Western Values

(Continued from Page 1)

als for the same day, a family ceremony in Nairobi and a tribal ceremony 200 miles (about 325 kilometers) away in Luo land. Both were canceled for lack of a corpse.

The widow and the clan retained lawyers who filed injunctions preventing each other's clients from moving the body. On Jan. 21, a trial began and 45 hours of testimony were heard in Kenya's high court from 24 witnesses, including the widow, the brother, the Luo clan chairman, a philosopher, a medium and a grave digger.

One of Mr. Otieno's sons, who is studying economics at Paterson State College in Wayne, New Jersey, denounced the Luo tribe in court. In Africa, it is apostasy for a young man of good family to show disrespect to his elders. But Jairus Ougo Otieno, 23, took the witness stand and called Luo people "lazy" and "uncivilized."

As he said this, he stared coldly at the faces of the Luo clan chairman and his own uncle, the men who sued for custody of his father's body. The courtroom, packed with supporters of the Luo cause, was electric with hatred.

Local newspapers, printing full transcripts of the trial, have made extra press runs to keep up with what has become a national obsession with the case. The dispute, more than any issue in the recent history of this East African country, dominates social conversation at all levels of Kenyan society.

Hundreds of Luos have gathered daily outside the courthouse, others stand vigil near the city morgue. There is widespread concern that the widow's life may be in danger, if the Luo are not permitted to leave town with the body. The Luo, like many of Africa's tribes, take their burial customs seriously. Mr. Otieno's brother, Jairus Ochieno Ougo, testified that unless he was allowed to bury the body on the ancestral farm, the dead man's angry spirit would sabotage his life, pester him in his sleep and make his Luo clansmen spit on him.

These traditionalists, who include many of the best-educated and most influential people on the continent, often live in ranch-style houses in modern cities such as Nairobi or Lagos all their adult lives, but they insist that a small hut in the village of their birth is their only "home." The fundamental decisions of their lives, those concerning marriage and children and death, are governed by the laws of their village and tribe, not of their nation.

On the day Mr. Otieno died, his wife took no chances. She ordered her servants to put away the video recorder and roll up the carpet. When a Luo man dies, his relatives sometimes raid his house, carrying off whatever they want. By the time Mr. Ochieno, the brother who sued for custody of the body, arrived at the widow's house, it was almost bare. She even locked the toilets,

he complained in court.

In Luo custom, the widow has no say over the property of her late husband. His disposition, as well as burial arrangements, are matters for men to decide. One Luo elder

says that courts are "to be guided" by customary law, except where it is "repugnant to justice and morality."

The vagueness of this language leaves room for the judge's ruling in the Otieno case to establish an important legal precedent.

The Otieno dispute, however, is far more than a legal matter.

Across Africa, there are traditionalists, middle-aged and older people born in small villages, who believe that birth into a tribe entails privileges and duties that have nothing to do with free will or how one chooses to live one's life. For these Africans — epitomized by Mr. Otieno's brother and Luo clan elders — an African can no more wish away the laws of gravity.

These traditionalists, who include many of the best-educated and most influential people on the continent, often live in ranch-style houses in modern cities such as Nairobi or Lagos all their adult lives, but they insist that a small hut in the village of their birth is their only "home." The fundamental decisions of their lives, those concerning

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Prices Soar in Mozambique in Austerity Drive

Reuters

MAPUTO, Mozambique — Mozambique's citizens have had to stretch a 50 percent wage increase to cover price rises that included a 39.50 metical (19.5 cents) a liter from 5 meticals, a doubling of water and electricity charges and a 690 percent jump in the cost of cooking fuel.

The increases were among the steps taken by President Joaquin Chissano, who succeeded Samora Machel in October, to haul the nation out of an economic tailspin brought on by an 11-year guerrilla war and drought.

JOHN H. LEAVITT, Godalming, England

The measures, besides the pay increase for all workers, included the rise in the price of kerosene to 39.50 meticals (19.5 cents) a liter from 5 meticals, a doubling of water and electricity charges and a 690 percent jump in the cost of cooking fuel.

The increases were among the steps taken by President Joaquin Chissano, who succeeded Samora Machel in October, to haul the nation out of an economic tailspin brought on by an 11-year guerrilla war and drought.

Many farmers have had to abandon their land because of a combination of intensified attacks by

rightist Mozambican National Resistance rebels and drought, while others have stopped farming because of low prices for their produce.

This week the rebels, which have been backed by neighboring white-ruled South Africa, warned foreigners not to invest in Mozambique, saying they would be wasting their money because the insurgents would step up their offensive until the Maputo government agreed to a cease-fire.

International Herald Tribune

TRAVEL

- *Mary's Tragic History*
- *Rum Punch Philosophy*
- *Mask-Making Revived*

TRAVELER'S CHOICE

Touring Japan's Museum Cities

■ Between May 3 and 5, when teams from more than 90 communities in the Japanese city of Hamamatsu do battle with their huge fighting kites, a small party among the more than a million onlookers will be in the midst of an arts and crafts tour. The tour, titled "Museum Cities of Japan," will visit the gold-leaf makers of Kanazawa, the movie-set streets of Kinosaki, the Zen gardens of Kyoto and the Seto Inland. Time will also be allowed for shopping in Tokyo's Ginza and Shinjuku districts and in Kyoto's Handicrafts Center and Shinkyoji Arcade. The tour, leaving New York on April 21 and returning May 7, costs \$3,200 a person in double occupancy. Information from Hardach Travel Service, 500 Fifth Avenue, New York, New York 10110; tel. (212) 382-1952 or, from outside New York State, (800) 223-8953.

Caribbean Island Bicycling

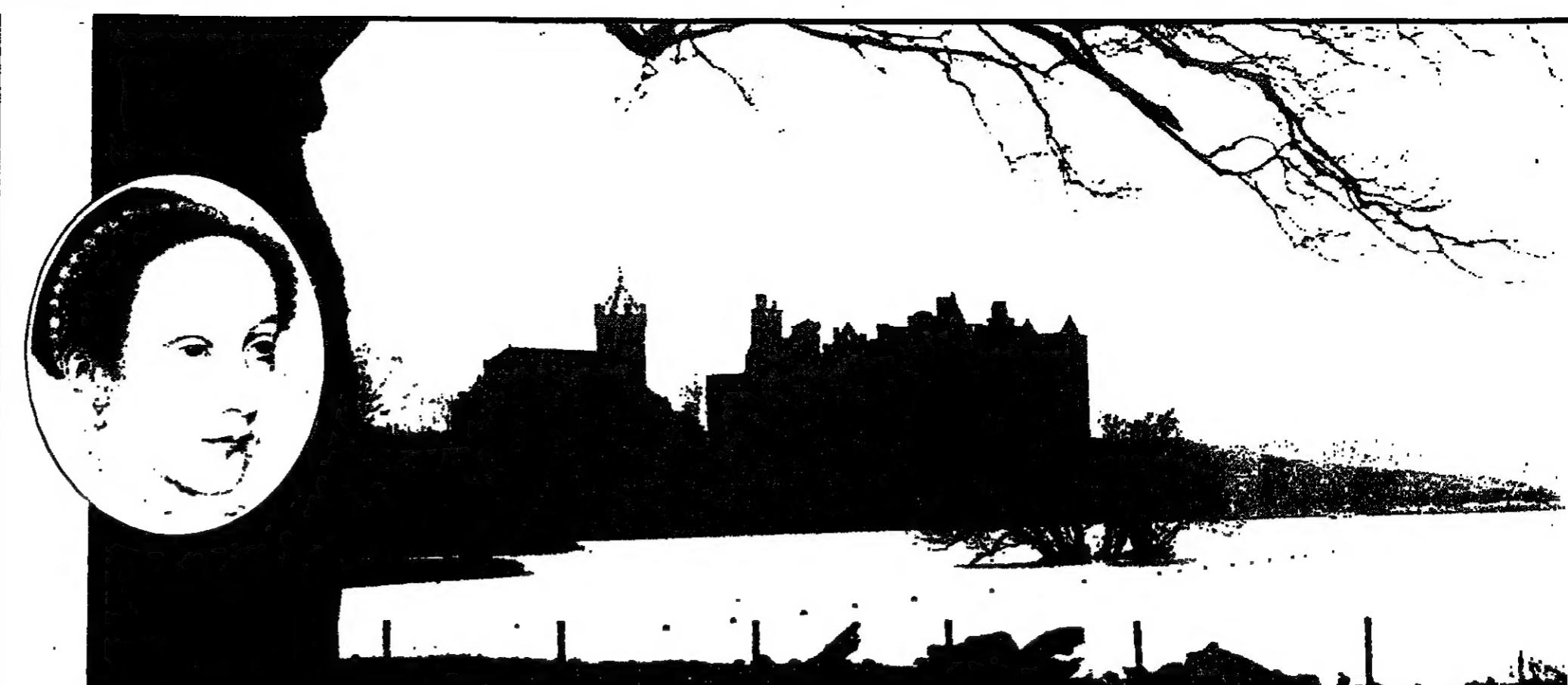
■ Spanning rainforests, powder white beaches, centuries-old plantations and West Indian towns, a series of eight-day bicycle tours of the Caribbean islands of St. Kitts and Nevis is scheduled between March and December. At St. Kitts, when four nights are spent, travelers will visit the rainforest atop Llaima volcano, the 18th-century Brimstone Hill fort, witness batik processing and partake of a West Indian feast (spicy chicken, fish and vegetable dishes) served under a 350-year-old raintree. After a yacht transfer to Nevis, there will be visits to Charlestown; the ruins of the supposedly haunted Eden Brown Estate; the Morning Star Museum of Lord Nelson artifacts and the studio of the painter Eva Wilkins. Departures of these tours — beginning and ending in St. Kitts — are scheduled for March 14, April 4, May 2, July 11, Aug. 1, Nov. 21 and Dec. 5. The prices — \$1,450 up to \$1,740 a person in double occupancy — include accommodations, most meals, use of bicycles and the inter-island yacht trip and flight. Round-trip air fare to St. Kitts from New York is estimated at \$550. Information is available from Progressive Travels, Post Office Box 775164, Steamboat Springs, Colorado 80477; tel. (303) 679-2859 or, from outside Colorado, (800) 245-2229.

Mongolia and Tibet on Horseback

■ Horseback expeditions to Inner Mongolia, Tibet and other parts of China are planned for the summer — Aug. 5 to 27 and Aug. 26 to Sept. 17 — are destined for western Sichuan. The third — July 15 to Aug. 5 — is bound for Inner Mongolia. Each of the three-week journeys incorporates a 9-day riding loop, beginning and ending at the same place, and averaging 25 miles a day. Mongolian and Tibetan wranglers accompany each group. A bus and a truck will carry all baggage, food and camp supplies, meeting the riders each day at lunch and dinner. Nights will be spent in nomadic yurts. Meals will feature lamb and yak. There will be visits to Beijing and the Great Wall before going to Hohhot, Inner Mongolia's capital, where the party will watch the national riding team. On the Sichuan tour, the party will fly to Hong Kong and then to Chengdu, prior to a long journey by road to Lhasa, at 10,000 feet (3,045 meters) in the Tibetan plateau, where the nine days of riding will begin and end. Based on double occupancy, the journey to Sichuan is \$3,600 a person; the journey to Inner Mongolia at \$2,900. Air fare is not included. Information is available from Bodrum Expeditions, Box 2236, Leucadia, California 92024; tel. (619) 942-2309.

Winter Mountaineering in Wyoming

■ Vermont Voyager have organized a winter mountaineering course from March 9 to 13 in Yellowstone National Park in Wyoming, and a ski touring week, March 16 to 20, Yellowstone and Grand Teton National Parks. Students in the mountaineering course will spend two nights in a lodge and the other nights camping in snow caves. Those on the ski touring week — cross-country skiing near Jackson Hole and on ungroomed trails in Grand Teton and Yellowstone Parks — will stay in lodges in Jackson, and adjacent Yellowstone Park. The course costs \$250, lodging and meals an additional \$150. The ski touring week costs \$200, lodging and meals \$250. Round-trip air fare between New York and Jackson Hotel is estimated at \$350. More information is available from Vermont Voyager, Rural Route, Montgomery Center, Vermont 05471; tel. (802) 326-4789.



A Royal Progress Through Scotland

On the 400 years-old trail of Mary, Queen of Scots, from her birth at Linlithgow (above), until her execution.

by James Barron

EDINBURGH — Mary Queen of Scots, a much-traveled monarch, seems to have spent about half her reign on a horse, and many of the surviving castles she stayed in are being spruced up to mark the 400th anniversary of her death this year.

Mary, a devout Catholic in a nation torn by religious differences, remains extraordinarily popular. She accomplished much in foreign affairs and her domestic policy was undermined by the Scottish Parliament, which cast off papal authority; her personal life was marred by marital disasters, bizarre intrigues and tragedies. But Mary's "royal progresses," trips in which she carried the throne to outlying areas of her kingdom, guaranteed her popularity in an age when commoners often lived out their lives without a glimpse of their rulers.

Of the places Mary knew, many are little more than an hour's drive from Edinburgh. To help tourists find their way through the moors and valleys that Mary crisscrossed in her lifetime, Scotland's Historic Buildings and Monuments Department, which cares for more than 30 sites associated with Mary, will publish a guidebook showing a "Mary Trail" later this year. But events to mark the anniversary have already begun. The University of Edinburgh sponsored a symposium. The Scottish National Portrait Gallery in Edinburgh plans a major summer exhibition of portraits of Mary and her contemporaries, and the Royal Museum of Scotland has scheduled an exhibition of coins, jewelry and furnishings.

From April to September relics from Mary's reign will be displayed in the bedroom she used during a visit to Earl's Castle near St. Andrews, 10 miles (16 kilometers) from Dundee. On weekends in July and August, costume pageants will be held to mark her visit in 1561. From May 25 to Sept. 3 the National Library of Scotland in Edinburgh will hold an exhibition on the Stuarts in literature, legend and the arts.

Mary was less than a year old when she was crowned without significant ceremony after the death of her father, James V, in 1542. The installation took place at Stirling, a castle on an extinct volcano northwest of Edinburgh. She was then shuttled from stronghold to stronghold and, when she was 5 she was shipped to France for safety. There she married the Dauphin at 16 and became Queen of France as well as of Scotland. Her husband died within three years after the marriage and within a year she was back in Edinburgh.

Mary was born 20 miles outside the

Scottish capital, at Linlithgow, which will hold a weeklong festival starting Aug. 15, with jousting pageants and medieval banquets.

Linlithgow, where Mary spent the first seven months of her life, later served as a resting place during her progresses. It was also the site of Edinburgh University in 1545, when the plague was raging in the capital. Now there is moss on Linlithgow's fireplaces, spider webs in its kitchen and the sky for a roof; visitors find it hard to imagine this ruin was once a splendid palace.

But in the 16th century, Linlithgow was an opulent favorite of the royal family, which visited it at least once a year. Mary's father, James V, was born there, and Mary herself was born in a suite in the northwest corner. The suite collapsed in 1607, and while its walls were shored up, it remains roofless. Contrast that with the way it must have been when Mary's mother, Mary of Guise, compared Linlithgow to the castles of the Loire. John Leslie, Bishop of Ross, said the loch beside the palace was "swimming full of fine perch and other notable fishes," and John Ray, the Scottish naturalist, called it "a very good house, as houses go in Scotland."

Linlithgow's symmetrical, quadrangular shape was the idea of James V. The first

building on the site was a 12th-century wooden manor house that burned down in 1424. James' ancestors built a replacement in stone, but he ordered the structure enlarged and the entrance moved to where it is now. Parts of the old massive oak door and iron portcullis are still visible, some niches that once contained statues. James' entrance has an arched doorway with a polygonal tower and gun ports.

Over the outer entry are carved 19th-century representations of the insignia of the orders of knighthood to which James belonged — the Garter, the Thistle, the Fleece and St. Michael. Inside, James built a fountain that was nearly 18 feet (5.4 meters) tall, the first and finest of its kind in Scotland. Architectural historians marvel at its Late Gothic style. Today's visitors marvel at how the courtesans must have struggled to pump wine through the fountain on feast days. On ordinary occasions, water was drawn from a nearby spring through lead conduits, some of which are on display in the little museum on the castle's second floor.

In Mary's day Linlithgow had few permanent furnishings — everything except timber beds, trestle tables and long seats called forms was carried with the court from palace to palace — and the castle itself developed serious structural problems.

Mary's second-floor apartment in the thick-walled old wing, where she lived for six years, contained two main rooms and two smaller rooms. The suite is fancier now than it was in her day; a frieze in the large outer room, discovered 12 years ago,

was not painted until James I's homecoming in 1617.

Mary married her second husband Henry Stuart, Lord Darnley, in the palace

long before Mary and Darnley exchanged their wedding vows in 1565; the lord objected to the marriage, and Mary spent much of the honeymoon riding about Scotland defending her husband.

Mary changed her mind about Darnley within 18 months after he and fellow nobles committed a murder fewer than 50 steps from her chamber. The killing is described in a letter from Charles IX of France that is on display at Holyrood.

In Mary's time, the palace was larger than it is now. The round tower that contains her quarters, which was commissioned by James IV in the early 1500s, was enclosed by a large inner court and smaller back court. Sixteenth century renovations led to the removal of the stone vaulting on the ground floor and the repositioning of the two upper floors.

Leys has been changed at the more austere Edinburgh Castle, at the opposite end of Edinburgh's Royal Mile, which was the city's main street in Mary's day. The castle still dominates Edinburgh. Inside the thick stone walls of the castle is the huge cannon known as Mons Meg, which 15th-century Scots boasted could fire a cannonball a mile and a half.

What was once the medieval royal palace was remodeled for Mary and Darnley and above one of the doors is the date 1566, with the initials MAH, for Mary and Henry, Darnley's first name. Fifty years later the carpenters and stonemasons were called for another refurbishing in preparation for the homecoming from England of Mary's son, James VI of Scotland who succeeded to the English throne as James I in 1603.

JAMES was born in the castle at a time when it was more a military and political symbol than a royal residence and Mary may have decided to deliver James there to strengthen his chances of succeeding to the Scottish throne and to the English throne as well. Mary's labor was prolonged, and before James was born, a countess who practiced witchcraft was called to the delivery room. The countess began performing rituals intended to transfer Mary's labor pains to a noblewoman lying on a bed nearby.

On the paneled walls of the crown room are Mary's coats of arms as the Dauphine of France, the Queen of France and "asserting also to be Queen of England" and in the queen's chamber is a plaster cast from Mary's tomb. James' portrait hangs over the fireplace, his helmet at his side.

Continued on page 10



Mary's bedroom in Edinburgh, and, right, her effigy in Westminster Abbey.

FOOD

The Woodland Herb Garden of a Wizard of Weeds

by Geraldine Pluemke

LAKE EBNI, West Germany — "I know he's here. He must be!" Ernst-Ulrich Schassberger in his white chef's jacket beat at the waist, nose at grass level; his fingers explored the tangle of weeds with the sure, tight probe of a surgeon. "Just a moment. I will have him — this wild thyme." He rose, frowning, when he didn't. It was about the only herb one morning in the Swabian forest that eluded Schassberger, a wizard of the old Middle European art of weeds.

If he has his way, people will once again scour the woods for ribwort and goatfoot or yarrow and mugwort, then toss the kind of salad and goatfoot or yarrow and mugwort, then toss the kind of salad and Romans used to eat 2,000 years ago. Schassberger collects wild herbs and

cooks them at his rural hotel-restaurant, 45 miles (about 70 kilometers) northeast of Stuttgart, writes about them, and has extolled them on television. His *Krauter-Küche*, or herb kitchen, at his Landhotel Hirsch in Lake Ebni is the delight of German gourmet magazines, which feature elaborate color spreads on Schassberger's cuisine.

"Other people go to the football field, I go to the woods," said the lean, 40-year-old cook. He plucked a bluish-white berry off an evergreen and crushed it. It smelled strongly of gin. The juniper berry "goes with game like Hähnchen mit Grelat," he said.

Sigloch Editions of Künzelsau recently published Schassberger's cook-

book on game and wildfowl, "Wild und Geflügel."

"In my next book I will show how to recognize herbs, where to find them. You cannot buy these herbs. I learned much from old people I met in the woods looking for herbs, people 70 and 80." He became fascinated in herbs when he was young. Eight years ago he began his herb cuisine in the woods when he was young. Eight years ago he began his herb cuisine.

"Here are giant wild chives. I sometimes stuff them," Schassberger

stuffed a bunch with scissors, and places it in a small wicker basket, filling with flowers and leaves.

He moved through the forest collecting lemon balm, the once sacred verbena, purple borage flowers, the bitter dandelion.

He cultivates 35 herbs in his hotel garden, "but my real herb garden is the whole woods. Here try this pimpernel." The tiny bright green leaf is spicy, peppery, cucumbery and neglected — elbow aside by trendy herbs like coriander.

He moved through the forest collecting herbs, lemon balm, the once sacred verbena, purple borage flowers, the bitter dandelion. He rolled the herbs between thumb and forefinger inhaling like another man would sniff fine wine.

Darting from weed patch to thicket, he passed ranks of the ubiquitous and now ignored nettle, which can raise blisters in seconds when they brush skin. "In April and May when the nettle is very young I do a nettle soup, a nettle cake, or I mix it with spinach as a vegetable with a bit of *Barlauch*, a wild garlic. Good for the blood. I also do a bit of *Barlauch* pesto with hazelnuts."

Like a growing number of German chefs, Schassberger is being drawn to what is called grandmother's kitchen, a revival or reinterpretation of pre-war regional German cuisine. His version is pure *Grüntea*, part Roman-style and much Schassberger.

The wicker basket of herbs later turned into a salad sprinkled with red

and orange nasturtiums with pink, lavender and white cornflower petals, *Gänseblümchen* (tiny, inch-tall daisies), and hints of mint and wild oregano. It was tossed in a vinaigrette of hazelnut oil and wild strawberry vinegar.

His menu includes a grilled wild chicken with a foamy sauce of wild sorrel; salmon with lemony thyme; pork medallions with thin, white slices of *Steinpilzen* (ceps).

Schassberger's dishes are delicate and subtle. "I do not want to bury the flavor of a dish in herbs," he said. "Some kitchens season heavily before the guests arrive. I wait with my chopped herbs here" — he patted the air beside him — "then stir them in only in the last seconds. This keeps flavor, fragrance."

The magazine *Fleischmeister*, meaning gourmet, called him "the cook who sits in the nettle," and pictured him squatting in a vast field of green. ("Actually, it was a field of peppermint," Schassberger said.) "To sit in the nettle" is loosely the German equivalent of "out of the frying pan, into the fire."

Schassberger not only cooks with nettles, but on occasion nettles competitors, who complain that he is too much of a self-promoter.

He has adopted a heraldic crest for his hotel with a chef's toque, a jug of wine, and a crossed knife and fork on a shield under an antlered buck. The crest embelishes coats, coasters and large brass bedroom door lights.

A hotel shop offers guests jams from wild berries, the orange conserves of rose hips, sunflower seeds, and excellent tea of woods and meadow herbs served on the breakfast buffet, salad dressings, even *Schnaps* from wild raspberries.

Heading back to the hotel, Schassberger spied a bank of weeds across from the hotel that finally yielded the elusive wild thyme. "But you cannot eat this," he sighed, "chemicals. Only pick herbs in places where tractors cannot drive."

Geraldine Pluemke is a journalist based in Bonn.



Ernst-Ulrich Schassberger, nettle-hunting.

John Howard Photography

TRAVEL

The Long Shadow Of a Tudor Axe

by A.L. Rowse

FOUR hundred years ago, on Feb. 8, 1587, was enacted that last tragic scene, when Mary Stuart's head fell to the executioner, and the reverberations of the act have gone on ever since. Not only in history and biography, but also in the arts and letters, in novels, poems, plays, in operas as well as in paintings and depictions and in films.

The career of Mary Queen of Scots, with all its changes, escapades and escapes, flights and imprisonments — most of all her execution at Fotheringay in Northamptonshire strikes across the history of Scotland and England and, to a lesser extent, of France, in her age and time. So far as England was concerned it marked decisively and luridly the beginning of the 20-year-long war with Spain. There was to be no compromise, no turning back.

Her personality and the events of her career are among the most dramatic in all history. They are also among the most controversial, for her course in life lay across a minefield. The field is cluttered with partisans for and against, and most people's judgments about Mary Stuart are personal and emotional. However, to get it right, one has to see it impartially in terms of politics. That is what it was all about, for she was a key figure on the chessboard.

Her world of the 16th century was rather comparable to ours of the 20th century, in that it was split ideologically from top to bottom by the conflict between Reformation and Counter-Reformation, just as our time has been riven between communism and democracy. In her lifetime the conflict heated up into political assassinations and massacres, like the St. Bartholomew's Day massacre in France in 1572; in civil and religious wars over half of Europe, culminating in Spain's long wars in the Netherlands and with England.

Mary Stuart came to take a hand in it passionately and recklessly in accordance with her temperament. The clue to her is that she was a Frenchwoman — three-quarters by birth and wholly by education and training. Born at Linlithgow in 1548 she was spirited away to France as a child of 5 by the Catholic party in Scotland, to keep her out of the hands of the Protestant English.

These wanted her married to the young

prince later Edward VI, and subordinate Scotland to England. It would have saved a great deal of trouble if that could have come about. Instead, she was educated in France with the French royal children, and eventually married to the boy-king, Francis II. Under the marriage agreement, if there were no heirs Scotland was to become the gift of the French crown — a French dependency, and French troops occupying Edinburgh — at England's back door when she was at war with France.

In 1558 Elizabeth I came to the English throne with a slur upon her legitimacy. There was no doubt about Mary Stuart's, and she was a great-granddaughter of Henry VII. She put forward her right to the English throne, and would never give up her claim to the succession — though no one in the English government wanted her. She was regarded as a foreigner, above all a Frenchwoman, when the French were usually England's enemies.

So there was bound to be jealousy and suspicion between Elizabeth, nine years her senior, and Mary, especially when her husband died, and Mary came back to Scotland, a very eligible 18-year-old widow of immense vitality and ambition.

The clue to Elizabeth's success was that she governed in accordance with the consensus of the country, that is of the governing class, on the agreed basis of moderate Protestantism. Mary's situation in Scotland was far more difficult, for she was a convinced Catholic, and the Scottish Reformation had taken the more extreme form of Geneva Calvinism. Mary's uncles in France — they were cardinals — were leaders of the Counter-Reformation and privately she assured them and the Pope that she meant to bring Scotland back to Catholicism. This was politically an impossible aim, for the Scottish nobles had got the lands of the church and were not giving them up.

For the first few years Mary ruled moderately, with the advice of her (illegitimate) half-brother, John Stuart, a Protestant and first Earl of Moray. But her real intentions came out with her determination to marry Lord Darnley, for he was a Catholic, and of both Tudor and Stuart royal blood.

This was a challenge indeed to Elizabeth, with both Mary and Darnley's claims to her throne. Elizabeth tried to stop the marriage. She even offered Mary her own prime favor-

ite, Robert Dudley, and made him Earl of Leicester to qualify him for the job.

Mary was insulted — she believed, as everybody did, that Leicester was Elizabeth's lover, which was quite untrue. The fact was that Mary was too royal, with her feet not quite on the ground. Elizabeth was the great-granddaughter of a Lord Mayor of London, with a good business head, feet firmly on the ground. Above all — English with a strong touch of Welsh — she felt along with her own people. Mary, sad to say, was an alien among her people, still more to England's enemies.

It was worse than humiliating, for he combined with her enemies to murder her Italian secretary, Riccio, practically in her presence, when she was carrying the child who was to become James VI of Scotland and James I of England. Darnley was next murdered when Kirk o' Field, a house on the outskirts of Edinburgh, was blown up with gunpowder.

These events made a prodigious scandal, but what shocked all Europe — including the Pope, Philip of Spain, Elizabeth — Catholics as well as Protestants, was that Mary proceeded to marry the Earl of Bothwell, the man whom everybody knew to be responsible for her husband's murder. And with indecent haste — she got him divorced from his wife, and then married him in a Protestant ceremony. It was her determination to stick to Bothwell that ultimately ruined her. But the country was up in arms, the lords in rebellion. When she was captured and brought back to Edinburgh, the good citizens greeted her with "Hail the whore!"

She had reason for desperate haste, for it seems that she was pregnant by him, and that, imprisoned in Loch Leven Castle, on an island in the lake, she had a miscarriage. She later escaped from the castle and took one more gamble — only to be routed in a battle at Langside, near Glasgow. A force of her supporters was defeated by an anti-Catholic group, the Lords of the Congregation, who favored her son. From that defeat she made yet another mistake of judgment and, instead of taking refuge in France and waiting things out, she crossed the Solway Firth into England, hoping that Elizabeth would put her back on her throne.



Holyrood Palace, residence of the Queen of Scots, and Elizabeth I's signature on Mary's death warrant.

Elizabeth's personal inclination was to restore her upon conditions, for her own deepest conviction was the common trade union interest of monarchs to keep their subjects in subjection. But the Scots in power — Mary's half-brother Moray was made regent — would never have her back.

Mary's presence in England created an almighty problem for Elizabeth, for now her own Catholic opponents, especially in the north, had an alternative candidate for her throne. Elizabeth would not marry. That left the succession open. Mary entered into a plot to fill the gap — she would marry Elizabeth's cousin, the Duke of Norfolk.

This would have been fatal for Elizabeth: She said that within a month of such a marriage she would be inside the Tower. She warned Norfolk — "Look to your pillow!" — reminding him of Darnley's fate. Norfolk gave her his promise to remain loyal and not to marry — and then broke it.

Mary and her large entourage — she kept up semi-royal state — were moved from one palatial residence to another, always away from the coast, in case of attempted flight. In those days of no running water, every great mansion with a hundred or more occupants needed to be evacuated and fumigated after a couple of months. At one time of political danger she was moved to Chatsworth, the midpoint of the country. She complained of the damp and cold of Wingfield in Suffolk and Tutbury Castle in Staffordshire, and seems to have been least discontented at Chatsworth, in Derbyshire, the new and up-to-date Elizabethan mansion, which was later pulled down to make way for the present Chatsworth. She hunted in the forests and had a coach to ride in the parks.

But the government kept a close watch on her and her plots. In 1586 a rich young

abusing her subjects from their allegiance.

This crisis, which lasted from 1569 to 1572, was the greatest of Elizabeth's reign. At its end Parliament called for the execution of Mary and Norfolk. Elizabeth would not consent to the former, but was forced to agree to Norfolk's execution. After that, for the next 15 years, Mary's life in confinement in England was in the nature of an antechamber. She had lost control of her own fate, but did not give up hope, forever spinning schemes and fantasies for her own restoration and plots against Elizabeth.

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It made a terrible blot on Elizabeth's scutcheon, as she knew it would: her ascent to it was wrong from her — it gave her something like a nervous breakdown.

Catholic hothead, Anthony Babington, glorified by Mary, formed a plot for killing Elizabeth. By this time both those royal ladies would have been glad of the other's death. Mary gave her consent to it in writing, and was caught red-handed. She was brought to trial.

Of course she denied everything and also the validity of any court bringing her, a queen, to trial, and in a foreign country. But the government could take no more risk with her. England was at war with Spain — in 1587 the Armada was being prepared and next year would sail. If the Armada were to land an army, Spain would have a convenient candidate for the throne, and Mary made a will leaving her rights to it to Philip of Spain.

By the time the Armada was ready, Mary's head was off, in that last magnificent, tragic scene at Fotheringay. She carried herself with royal courage and dignity to the last, holding a crucifix and putting herself across as a martyr for the Catholic faith.

It made a terrible blot on Elizabeth's scutcheon, as she knew it would: her ascent to it was wrong from her — it gave her something like a nervous breakdown.

A.L. Rowse is emeritus fellow of All Souls College, Oxford, and the author of many books on Shakespeare. This article was written for The New York Times.

General News

EUROPEAN TOPICS

New Scandal Hits French University

The University of Nantes, which aroused an uproar last May by accepting a doctoral thesis claiming that Nazi gas chambers may not have existed, is again at the center of a controversy.

History students went on strike last week when they learned that André Delaporte, a rightist professor, was about to be appointed lecturer in modern history. Only two weeks earlier, Alain Croix, a Paris history professor, had complained that his application for the same post had been rejected although the committee had called his record "impeachable." Mr. Croix, who is a member of the Communist Party, charged that he was rejected for political reasons. The committee denied this.

Mr. Delaporte, 42, left the extreme-right National Front party several years ago saying it was not right-wing enough. He is known for writing racist articles for the extreme magazine *Militant*, including several in defense of Henri Roques. It was Mr. Roques whose doctoral degree, with a thesis questioning whether the Holocaust ever happened, was withdrawn after last year's uproar.

Following the student protest and a subsequent request from the Education Ministry, the committee said it had postponed its decision on Mr. Delaporte to a later date that has yet to be set.



ON DONNER, ON BLITZEN — Traders and shopkeepers in Lapland turn out in the village of Jokkmokk for the weekly market day. The reindeer-pulled sleighs are the main form of transportation during the winter.

izness automatic transplant donors has been extended to include foreigners who have been known to have spent time at repair shops from the day they bought them. Izvestia did not recommend any Soviet-built car, but said the smallest number of complaints had been received for the Zilzhil Model 7, which costs 9,720 rubles (about \$15,000), more than three years' pay for the average Soviet worker.

Volga, did not rate much higher, the paper said, and some buyers of these cars were known to have spent time at repair shops from the day they bought them. Izvestia did not recommend any Soviet-built car, but said the smallest number of complaints had been received for the Zilzhil Model 7, which costs 9,720 rubles (about \$15,000), more than three years' pay for the average Soviet worker.

Recent opinion polls have shown that, although 80 percent of the population is in favor of transplant donation, only 15 percent carry the document. The Health Ministry said it would start an advertising campaign to encourage voluntary donations.

Many Soviet cars are of poor quality, Izvestia has told potential buyers. The Soviet government newspaper said the newest Soviet model, a hatchback Zhiguli known as Sputnik, was the worst of all. Two other cars, the Zaporozhets and the

AMERIKA: Angry Buildup

(Continued from Page 1)

that it might make an American strike more thinkable.

The Chrysler Corp., the major sponsor of the program, with nearly \$7 million in advertising, decided two weeks ago that the movie's theme didn't fit with the theme of the Chrysler television pitch — "The Pride is Back. Born in America." Volkswagen, sensing a bargain, picked up much of Chrysler's abandoned commercial time at reduced rates (with Chrysler making good on the difference).

Ted Turner, the Atlanta broadcaster and cable entrepreneur, is protesting with "counterprogramming." He scheduled five nights of programs on his satellite-delivered national station aimed at promoting better relations between the superpowers.

Meanwhile, Greek Cypriots have bought commercial time in "Amerika" on the ABC Washington station to protest the presence of Turkish troops on Cyprus. "In our country," the ad says of the grim television depiction of foreign occupation, "this horror is a reality."

John B. Sias, the president of ABC, is a bit bemused by the storm. After the Chrysler pullout, he said, "I think the audience is sophisticated enough to know that these are dramatizations. They aren't going to change superpower relations."

■ Series Called a Muddle

John J. O'Connor, reviewing the miniseries in *The New York Times*, says:

Purely on the level of television drama, of popular entertainment, "Amerika" is a staggering muddle, a fill-in-the-blanks hodgepodge that is likely to leave observers on most points of the political spectrum fuming.

In a nutshell, the fatal flaw of "Amerika" is that the root idea is monotonously implausible. "Amerika" asks us to believe that the United States was taken over by the Soviet Union in 1986 in a bloodless coup, primarily because the bulk of the American population had lost its moral fiber, its will to fight for freedom. This is the kind of Armageddon vision nurtured by those who find men in long hair or women in short skirts threatening.

Outside the United States, "Amerika" will be broadcast in Canada, and home videos will be available in Britain beginning April 1. Sales discussions are under way in other countries, including the Soviet Union.

A Good Punch Is 'Voluptuous'

by Mark Kurlansky

FORT DE FRANCE, Martinique — "It is something voluptuous to drink a punch, a good punch," said Robert Rose-Rosette, octogenarian sage of Martinique, veterinarian by trade, expert on history's most famous Martiniquaise, Josephine de Beauharnais, and self-styled philosopher of rum punch.

There are few things more Caribbean than rum punch and someone who knows his islands could tell where he was with his eyes closed by ordering a rum punch and tasting it.

The word punch comes from the Hindu word *paa*, which means five. In India a punch, as the British called it, was tea, lemon, cinnamon, sugar and alcohol. In Martinique punch has only three ingredients — sugar, lime and rum.

When you order a punch here you are given a bottle of rum, a small glass with a slice of lime and either a carafe of cane syrup or a bowl of crystal sugar. Each applies his own techniques, some with fork, some with spoon, crushing and squeezing the lime, dissolving the sugar.

"No two people make punch the same. You can sit together and enjoy your differences," said Rose-Rosette. He can barely disguise his disdain

for the neighboring Guadeloupians. There the punch is generally served already mixed.

Rose-Rosette is so serious about punch that he has for the second year organized an international symposium on rum punch. He said the first drew about 250 people. This year he was down to little more than 100 participants, mostly French and Martiniquaise. Still they ended with a lively one-hour discussion, lending credence to the claim that the French can debate anything.

The people here have always been serious about rum punch. Numerous poems have been written to it both in French and Creole and in the 1930s a book called "La Cuite sublime" (The Sublime Binge), was published.

On Martinique, only a few stray from orthodoxy. Some add honey instead of sugar. While most drink the 110-proof local white rum, a few prefer the fine dark Martiniquaise rum.

Most other islands are less purist. In the eastern Caribbean, where nutmeg is an important crop, rum punches almost always have grated nutmeg on the top. It is freshly grated, the bartender keeping a small spice grater as a standard tool of his trade.

In Grenada, where nutmeg is the leading export product, the recipe at the bar of the Ramada Renaissance (formerly the Grenada Beach Hotel, Cuban headquarters, then the U.S. Marine barracks), is one ounce of rum, one ounce dark rum, one ounce fresh lime juice, two ounces sugar syrup, bitters and rum. This is the basic eastern Caribbean recipe. Sometimes grenadine is added for color.

On some islands things get more elaborate. About an hour of prying loosed the outline of a formula from Ti Pierre, the bartender at the Castel Haiti Hotel in Port-an-Prince. He adds orange juice to the recipe and his big secret, papaya juice.

But one of the reasons the punches are so good in Haiti is Barbencourt rum, always dark and the only rum in the country. It is possibly the ideal rum for punches, although Jamaicans will argue for Appleton's gold, the Martiniquaise for La Maumy white and Barbadians for Cockspur. All sound arguments.

In Dominica, locals drink so-called casque rum, sold by the glass out of the bars. Dominicans also have a passion for fresh fruit juices. Fresh juices such as guava, passion fruit, lime and coconut are sold in bars, stores and restaurants.

The combination of these juices and casque rum makes this island a natural laboratory for rum punch research. Equal parts of guava, passion fruit and lime juice are one successful blend. Khalid Azar, a Syrian farmer and businessman who has lived for 18 years on the island, has arrived at his own recipe based on the products of his farm. He mixes grapefruit juice, passion fruit, lime juice and tangerine with an equal quantity of rum, sweetens with honey and grates cardamom on the top. Why cardamom? "I don't grow nutmeg," he explained.

The trick to all of these mixed punches is to make sure there is a large quantity of good rum. But of course, to the Martiniquaise, bottle and spoon in hand, the rest of these punches are for philistines.

Mark Kurlansky is a journalist based in Miami.

Herald Tribune
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In Sheepish, England, last June making all Belgian cit-



FRIDAY, FEBRUARY 13, 1987

Herald Tribune

INTERNATIONAL BUSINESS/FINANCE



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TECHNOLOGY

A Brighter Day Is Coming For Solar Power Technology

By SCOTT BRONSTEIN

New York Times Service

NEW YORK — Even though the breakthrough is still some years away, new solar technologies are beginning to move out of the laboratory and into commercial application. Companies are finding ways to cut the cost and increase the production of photovoltaic panels, hastening the day when solar power will be practical on a large scale.

The City of Austin Electric Utility recently installed its first solar station, a \$3 million, 300-kilowatt photovoltaic plant designed to provide enough extra electricity during peak hours to power 100 to 200 homes.

The electricity it produces costs \$9 a watt, about twice the cost of energy generated by coal, gas, oil or even nuclear power plants. Yet officials of the Texas city's utility say the new facility was a wise investment that will familiarize them with solar power systems, which they believe will play an important role in the city's power needs in a few years.

"Photovoltaic solar energy has a chance, in fact a high probability, of becoming cost-effective at \$2 to \$3 per watt," said John E. Hoffner, manager for alternative energy at the Austin utility.

That time is rapidly approaching, according to Zoltan J. Kiss, president of Chromar Corp. of Princeton, New Jersey, a manufacturer of photovoltaic hardware and systems. "In 1990 we will be able to install a solar power station between \$2.50 and \$3 per watt, and at that point photovoltaics are certainly cost-competitive with any other way of making electricity," Mr. Kiss said.

Although federal funding has been cut to \$43 million a year, from \$150 million in 1980, immense progress has been made in photovoltaic research through the combined efforts of private industry, universities and Department of Energy programs like the one at Colorado's Solar Energy Research Institute.

Interest in photovoltaics is especially high in rural and remote areas of countries where electrical needs are rising, but where it is often impractical to extend the power grid. It is already common to find photovoltaic cells at work in remote areas as independent power sources for communications systems or as replacements for diesel and gasoline generators used to pump water or refrigerate food and medicine.

"In the coming year we'll see a large increase in the number of photovoltaic applications for a small source of power where an electric connection cable would be more hassle than it's worth," said Charles F. Gay, vice president of research and development at ARCO Solar Inc. of Chatsworth, California. For example, he said, solar cells might be used to recharge the batteries of cordless drills, saws and other power hand tools.

Despite the higher current cost of solar energy, utilities are attracted to photovoltaics because they have no turbines or other moving parts, so maintenance is minimal; they are nonpolluting, silent, and can be operated unattended. A computer "awakens them" when the sun comes up and turns them off when the sun goes down or behind a cloud.

Above all, the fuel source is cheap and plentiful.

Photovoltaic cells are semiconductor devices that convert light energy to direct-current electricity. A typical cell has two semiconductor layers. Sunlight passes through one layer and is reflected back and forth, dislodging electrons to create a current.

Photovoltaic cells in the form of solar panels have long been used to generate electricity for space stations and satellites, but the technology has been too expensive — initially nearly \$1,000 per watt, now down to about \$9 — to use effectively on Earth.

One way to reduce the expense is to make the solar panels thinner, thus cutting the raw product and manufacturing costs. Indeed, some of the most interesting advances in solar cell technology are being made in an area called thin film.

"Thin films can absorb sunlight in a thickness that is 100 times less than previous technology," said Kenneth Zweibel, manager

See SUN, Page 14

Electricity from the sun may be cost-competitive by 1990.

Pennzoil Ruling Is Upheld

Texas Rejects Texaco's Appeal

United Press International

HOUSTON — A Texas state appeals court confirmed Thursday a unanimous jury ruling that Texaco Inc. illegally interfered with Pennzoil Co.'s planned takeover of Getty Oil Co. But the appeals court slightly reduced the record \$11.1 billion damages award.

The court reduced by \$2 billion the \$3 billion in punitive damages that a lower court had awarded to Pennzoil, a court clerk said. Otherwise, the judgment was affirmed.

The decision was separate from an appeal pending before the U.S. Supreme Court on whether Texaco should have to post a \$12 billion bond while appealing the decision in the Texas courts.

It was not immediately certain whether Texaco could appeal Thursday's decision.

"Today's decision continues to support an outrageous judgment totally at odds with both the law and the facts surrounding Texaco's acquisition of Getty Oil in 1984," Texaco's chief executive, James Kimeen, said Thursday.

Pennzoil sued after Texaco reached an agreement to acquire Getty in January 1984. Pennzoil argued that Texaco's action breached Pennzoil's previous, verbal agreement to merge with Getty.

A Houston jury found in Pennzoil's favor in November 1985, and ordered Texaco to pay \$10.53 billion in damages. The judgment was the largest in U.S. history.

State District Judge Solomon Cassell Jr. upheld the damage award, added another \$600 million in interest, and said interest would accrue at a rate of 10 percent a year.

In July, Texaco asked the state appeals court to set aside the November judgment. Under Texas law, Texaco had to post a \$12 billion bond. But a federal court in White Plains, New York, where Texaco is based, said a \$1 billion bond was sufficient.

Builders complain of intermit-



King Fahd of Saudi Arabia. In better days, the country was filled with workers like these at a tanker terminal.

For Saudis, Moderation in All Things

A Spendthrift Economy Adjusts to Falling Oil Revenue

By Peter T. Kilborn

New York Times Service

RIYADH — Early in the 1980s, when Saudi Arabia was riding the oil boom, stories circulated about Saudis who traded in their cars when the asturay filled up. Today, however, many cars on the roads of Riyadh look three, four and five years old.

"I always get a good feeling

when I see a young Saudi buying a used car," said the deputy minister of commerce, Abdin Ramzi Zamli. "People are much more careful with their money."

The proliferation of used cars

is symbolic of the post-boom economy that has emerged in Saudi Arabia. After four years of weak oil revenues, the kingdom, whose profligacy had become almost comical, has retreated to caution and relative restraint.

From the early 1970s to the

early 1980s, bulging coffers from oil sales permitted the Saudis to build a sophisticated system of schools, roads and factories. But

now, the growth has stalled, and

in a new and humbled economy,

government spending is being

stretched out and cut back, from

\$50 billion in 1981 to less than

\$20 billion this year.

Builders complain of intermit-

table delays in the government's payments. The work forces of many businesses and government agencies have been chopped by 25 percent or more. Bankruptcies have soared, and banks have sharply cut their

Arabia seems hard pressed. Gross domestic product — the total value of goods and services, excluding income from foreign investments — was only \$70 billion last year, less than half the 1981 figure. Government revenues from oil exports have dropped to an estimated \$19 billion for the year that ends in March, from five times as much at the start of the 1980s, and the government expects little growth for the rest of 1987.

Partly as a result, the kingdom's budget deficit, about \$13 billion a year for the last three years and likely to remain as much this year, is almost four times the huge U.S. deficit, in relation to the total economy.

For all that, Saudi Arabia is no Bangladesh. Abject poverty is negligible because the Saudis export much of the problem before it arises. Most laborers are immigrants who work on contract. When their jobs go, their employers are required by law to give them a ticket home. No one gets unemployment benefits although anyone can visit King Fahd or his princes and ask for some money, which is given on the spot.

Nevertheless, by many standard economic measures, Saudi

Arabia is doing well. The

new tax code that took effect

in Jan. 1 eliminated sales tax as a deduction. The change prompted thousands of consumers to make purchases in December that they might otherwise have delayed.

American automakers reported

last week that their January sales were down 32.7 percent compared with January a year ago.

The White House spokesman, Martin Fitzwater, pointed to the car-sales figure and said the overall figure showed no fundamental problem with the economy.

"Virtually all of the economy's vital signs point to a healthy 1987," he said.

Independent economists agreed

in differing degrees. Michael K. Evans of Evans Econometrics declared himself as "cautiously pessimistic" about the numbers.

"Obviously, the figures are not as bad as they seem at face value," Mr. Evans said. With auto sales excluded, he said, "it's not a disaster."

"The underlying situation is actually good," said David Wysa, chief financial economist for Data Resources Inc. "The big discretion-

U.S. Retail Sales Plunge 5.8% as Car Buyers Stall

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. retail sales slid a record 5.8 percent in January from the previous month, as customers deserted auto showrooms and car sales fell at an unprecedented pace, the government reported Thursday.

The Commerce Department said retail sales totaled a seasonally adjusted \$119.3 billion last month. It also revised the December increase, originally reported at 4.4 percent, to 4.6 percent.

January's decrease was the largest since 1967, when the government began compiling the data. The previous record, a 5.1 percent decline, was set in October.

Virtual all of the January drop resulted from a 22.4 percent decline in car sales, which most analysts had been expecting. Auto sales jumped 16.1 percent in December as customers went on a spree ahead of Jan. 1 tax-law changes.

Excluding autos, sales were virtually unchanged in January, declining 0.1 percent after rising 1.1 percent in December.

The new tax code that took effect on Jan. 1 eliminated sales tax as a deduction. The change prompted thousands of consumers to make purchases in December that they might otherwise have delayed.

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"The underlying situation is actually good," said David Wysa, chief financial economist for Data Resources Inc. "The big discretion-

ary items were all pretty strong. That suggests that the consumer was still willing to buy."

Sales of all durable goods — items expected to last more than three years — fell 14.2 percent in January after rising 10.2 percent in December. Sales of nondurable goods were virtually unchanged at \$74.7 billion last month after a 1 percent gain in December.

(AP, Reuters)

Japan Says Trade Surplus Grew by 19%

The Associated Press

TOKYO — Japan's seasonally adjusted merchandise-trade surplus grew 19 percent in January from a month earlier, adding to evidence that the turnaround in world trade imbalances is taking longer than was expected.

The January surplus amounted to \$7.45 billion after accounting for seasonal factors, compared with \$7.09 billion in December, the Finance Ministry said Thursday.

"Everybody keeps saying we've turned the corner on the Japanese surplus, but this number hardly gives a basis for that," said Nicholas Sargen, an economist for Salomon Brothers Inc. in New York.

However, Mr. Sargen and other U.S. economists said they continue to believe that Japan's trade surplus will begin to shrink soon.

Before adjusting for seasonal factors, Japan's trade surplus actually fell to \$4.29 billion in January from \$3.70 billion in December. The unadjusted figure for January 1986 was \$1.88 billion.

However, economists said the big reduction in the seasonally unadjusted number was untrustworthy because Japan's exports typically drop off drastically in January after a surge to complete shipments before Christmas and the end of

See JAPAN, Page 17

Schlumberger Had Loss Of \$2.02 Billion in Year

Compiled by Our Staff From Dispatches

NEW YORK — Schlumberger Ltd., the world's largest oil-services company and a victim of last year's collapse in petroleum prices, said Thursday that it had a loss of \$2.18 billion in the fourth quarter of 1986, mostly because of one-time charges.

The loss was almost six times larger than a \$372.67 million loss in the like period of 1985. Quarterly revenue slipped about 30 percent to \$1.09 billion, versus \$1.35 billion in the year-earlier period.

Schlumberger, which has headquarters in New York and Paris, has been hit hard in two of its most important sectors: oil services and semiconductors.

The special charges, totaling about \$2.2 billion, were directly related to those areas. About \$1.74 billion related to the company's Offshore Services segment and Measurement, Control & Components segment, as well as potential interest charges to the Internal Revenue Service.

In addition, the company said it took a \$464 million charge on the pending sale of 80 percent of its Fairchild Semiconductor segment to Fujitsu Ltd. of Japan.

That figure is more than double the \$200 million charge Schlumberger had predicted in announcing the sale in October.

(AP, IHT)

In the 1985 fourth quarter, the company took a \$483 million charge because of Fairchild, which it purchased in 1979 for \$425 million.

For all of 1986, Schlumberger said it had a \$2.02 billion loss, compared with a \$351.03 million gain in 1985.

Revenue fell 18 percent to \$4.94 billion, from \$6.02 billion in 1985.

Evan Baird, Schlumberger's chairman, said the collapse of oil-field activity strongly affected the company's 1986 performance.

"The steep decline in the number of drilling rigs," he said, "the disappearance of most oilfield exploration — a primary market for Schlumberger — and the sharp drop of oilfield service prices due to the excess capacity prevailing in this market, took their toll."

The company — which has \$11 billion in assets and 70,000 employees — has struggled over the last few years to overcome its problems, to its internal revenue service.

Last fall, its board fired the previous chairman, Michel Vaillaud, after a tenure of just one year and replaced him with Mr. Baird, the first non-Frenchman to head the company since its founding by the brothers Conrad and Marcel Schlumberger in 1926.

For the man with exceptional goals



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SUN: Technological Advance Is Bringing a Brighter Day for Solar Power

(Continued from first finance page)
of the polycrystalline thin films program at Solar Energy Research Institute in Golden, Colorado. "It's potentially 100 times cheaper for materials and manufacturing costs."

Three thin film technologies — amorphous silicon, copper indium diselenide and cadmium telluride — have made particular advances recently. Cells have been made using each of these materials as the semiconductor, and efficiencies have been achieved of just over 10 percent that is, they are able to convert 10 percent of the solar energy they receive to electric energy.

The most efficient experimental

solar cells now in the laboratories can convert more than 21 percent of solar energy to electricity; 30 percent is a likely goal before the end of the decade. Some researchers say efficiency of up to 80 percent is conceivable.

Amorphous silicon, which differs from the crystalline silicon used in computer chips in that its atoms are arranged at random, instead of in a lattice structure, "has demonstrated the largest uniformity of any semiconductor technology," Mr. Zweibel said.

Research teams in the United States, Japan and Europe, including ARCO, Chironar, Solarex of Rockville, Maryland, and Energy

Conversion Devices of Troy, Michigan, have succeeded in lowering costs and raising efficiencies in amorphous silicon cells.

Most solar-powered consumer products, including watches, calculators and even tricycles, are made with small amorphous silicon cells. For commercial applications, such as the 100-kilowatt photovoltaic station that Alabama Power Co. installed in Birmingham last summer, the cells can be made into sheets as large as 2 feet by 4 feet (60.75 centimeters by 121.5 centimeters).

Both Chironar and ARCO Solar have large-scale manufacturing facilities that coat glass with amorphous silicon, creating thin film solar panels. Chironar has facilities in Port Jervis, New York, Bridgeton, Wales, and Lens, France. Each plant can coat about 300,000 square feet of glass per year. Dr. Kiss said.

Gains of particularly high efficiencies have been made in the area of crystalline silicon, which is more efficient but also more expensive than amorphous silicon. "In the last few years, we have seen single crystal silicon efficiencies go from the middle 17 percent range to around 22 percent today," said Alan Barnet, professor of electrical engineering at the University of Delaware.

Both Chironar and ARCO Solar have succeeded in lowering costs and raising efficiencies in amorphous silicon cells.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

REAL ESTATE FOR SALE

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SWITZERLAND

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USA RESIDENTIAL

REAL ESTATE TO RENT/SHARE

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CASA CELIA

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REAL ESTATE TO RENT/SHARE

BUSINESS ROUNDUP

Singapore Rules on Foreign Brokers

Agence France-Presse

SINGAPORE — The Stock Exchange of Singapore, under pressure from the Monetary Authority, said Thursday that it would allow foreign control of local brokerages, starting late this year.

The Stock Exchange said that it had decided to raise the present ceiling of 49 percent on foreign holdings to 70 percent but that it would limit to eight the number of brokerages to come under foreign control. Several conditions were attached.

One is that the foreign firms sup-

port, as market-makers or sponsors, such new developments as the SEDDAQ secondary stock exchange for companies not listed on the Singapore Stock Exchange. The secondary exchange is to be launched next week.

Another condition is that the firms have a three-year record of local participation and be able to show that half the transactions done by their joint-venture brokerage were brought in from abroad.

Stock Exchange officials said that exemptions to the length of partnership would be considered and that geographical distribution

of the foreign firms would also be a factor in gaining clearance to take controlling stakes.

Of the 24 active brokerages in the Stock Exchange, three have foreign partners: Summit Securities with Hoard Govett; K.H. Lim with Dean Morgan and J.M. Sassoan with Kuwait Investment Office.

Local news reports have indicated that several firms, including Morgan Grenfell (Asia) and Citibank, have shown interest in buying into local brokerages. The Stock Exchange set March 31 as the deadline for proposals.

The idea of allowing local brokerages to be taken over by foreign concerns was first advanced by the Monetary Authority of Singapore in December 1985.

Resistance from some major local brokerages at that time caused the limit on foreign stakes to be raised to just 49 percent, from 25 percent.

The Monetary Authority, in effect the central bank, polices the securities markets under wide governmental powers.

Merrill Lynch Sells Stake In a Hong Kong Company

HONG KONG — Merrill Lynch, the big U.S. brokerage, announced Wednesday that it had severed ties with one of Hong Kong's major financial companies, Sun Hung Kai, by selling its 25 percent share in the firm.

Stock analysts said the relationship had failed to produce the big profits expected.

Merrill Lynch did not say how much it received for the stake it bought in 1982 for more than 500 million Hong Kong dollars (about \$65 million at current exchange rates).

It did not name the buyer, but sources close to the transaction said it was a group of Hong Kong businessmen.

Merrill Lynch said in a statement: "While our relationship with Sun Hung Kai has been fruitful, we have determined that the financial markets have changed significantly since the time of our investment and both Sun Hung Kai and Merrill Lynch have agreed to develop our respective businesses independently."

Sun Hung Kai was founded by Fung King Hey, an entrepreneur who fled to Hong Kong from China in 1948. Mr. Fung, who died in 1983, made a fortune in the property boom of the 1960s and 1970s but saw his corporate empire tested in 1983 after the market collapsed.

Merrill Lynch was forced to pump cash into the company, which is still controlled by the Fung family, to save its investment.

Stock analysts said that Merrill Lynch had been looking to sever the link for some time and that the big rise in share prices in the last year had made a sale possible.

Philips, Sony Set Standard For an Audio-Video CD . . .

Associated Press

EINDHOVEN, Netherlands — NV Philips and Sony Corp. have agreed on specifications under which they will market a combined audio-video compact disk player this summer for less than \$1,000, Philips announced Thursday.

The two companies together set the world standard for existing compact disks and players. Current compact disks, about 3 inches (12.7 centimeters) wide, play more than a minute.

New disks, which will be the same size, will play 20 minutes of sound plus 5 minutes of sound and video, a Philips spokesman said. The audio-video disks will not be compatible with existing CD players.

The audio-video player will enter the market this summer priced from \$1,500 to 2,000 guilders (\$735 to \$930).

. . . And Aiwa Launches DAT

The Associated Press

TOKYO — Aiwa Co. became Thursday the first company to announce a marketing date for a consumer digital audio tape recorder, ending months of delay for the new technology.

A spokesman said the company would begin selling the recorder March 2 in Japan but had no plans now to market it overseas. The Aiwa model, to be called the Exelia XD-001, will have a list price of 188,000 yen (\$1,225), the spokesman said.

Digital audio tape recorders, known as DATs, can record for up to two hours on a small recording tape about two-thirds the size of a standard audio cassette.

The sound quality of DATs is reported to be as good as that of compact disk players. Both use digital signals to reproduce music. DATs, however, use magnetic tape and allow consumers to make their own recordings.

Japanese electronic companies

set a common standard more than a year ago for the new digital tape recorder. But marketing has been delayed because of protests from compact disk makers and record companies that introduction of DATs would enable consumers to make nearly perfect copies of CDs.

The spokesman said Aiwa would heed a recent notification by the Ministry of International Trade and Industry that Japanese electronic makers could go ahead with DAT marketing if they followed the original DAT standard.

Under this standard, the machine will be able to play back music recorded with sampling rates of 32, 44.1 and 48 kilohertz, or times a second, but will be able to record only at 32 and 48 kilohertz.

This would mean that a DAT recorder would not be able to directly record the digital output of a CD player without an intermediate conversion to analog form, resulting in a slight deterioration in sound quality.

Toyota Says Net Fell 44%, Blames High Yen

Compiled by Our Staff From Dispatches

TOKYO — Toyota Motor Corp., Japan's biggest automaker, said Thursday that both sales and profit fell in the first half of its current fiscal year, the first such decline since the mid-1970s.

Toyota said its net profit had declined 44.4 percent in the half-year ended Dec. 31, to 75.7 billion yen, equivalent to \$491.6 million at current rates.

The company attributed the drop, from 136.2 billion yen in the year-earlier period, mainly to the yen's appreciation against the dollar, which made exports fall or become less profitable.

The Toyota executive said that it would be hard to avoid a big fall in

full-year profit if the exchange rate used for reporting was 158 yen per dollar in the first half of 1986-87, year against 223 a year earlier.

Sales were 3.02 trillion yen for the half-year, down 4.6 percent, Toyota said.

Toyota's vice president, Masami Iwasaki, said at a news conference that parent company sales were expected to reach 6.1 trillion yen in the year ending June 30, compared with 6.3 trillion in 1985-86.

This figure was predicated on the dollar's remaining just above 150 yen, he said.

The Toyota executive said that it would be hard to avoid a big fall in

(NTT, Reuters)

TRADERS: U.S. Charges 3 in Insider-Trading Case

(Continued from Page 1)

said Mr. Tabor was asked to leave in early January, six months after he joined the firm. "We have no knowledge of any improprieties that occurred during the few months that he was associated with Merrill Lynch," the spokesman said.

He added that Mr. Tabor "was asked to depart because his trading philosophy did not conform to ours." Prosecutors said that Mr. Tabor was let go by Merrill Lynch on Wednesday but the spokesman said "he hasn't been here for three weeks; he was released the first week in January."

Mr. Tabor left Kidder, Peabody in February 1986 and worked briefly for Chemical New York Corp. before joining Merrill Lynch.

In a statement Thursday, Kidder, Peabody made no mention of

Mr. Tabor but referred to charges against Mr. Wigton, its head of over-the-counter trading and arbitrage. Kidder said it has a policy against trading on information not available to the public.

A spokeswoman for Goldman, Sachs said officials were not immediately available for comment.

On the New York Stock Exchange, prices closed lower Thursday and analysts blamed the new insider-trading case for part of the decline.

"Concern over interest rates and the dollar are still a major factor in this market," said Peter van den Berg, a trader for Shearson Lehman Brothers, "but for the time being they were overshadowed by today's insider-trading developments."

(UPI, AP, Reuters)

Wheeling Steel To Be Managed By 3 Directors

New York Times Service

PITTSBURGH — Wheeling-Pittsburgh Steel Corp.'s board has named an executive committee of three directors to run the company.

They are John P. Imes Jr., George A. Ferris, and Lloyd C. Lubensky.

A leadership struggle began at the end of the year when Allen E. Panson, who was chairman, sold his 34.2 percent stake in Wheeling-Pittsburgh to Mr. Lubensky, 64, who had been expected to become chairman as the largest stockholder. He said later that he was not sure what role he would play.

The chairman's position remains vacant. Mr. Ferris, 70, is the company's chief executive. Mr. Imes, 52, was named chairman of the new executive committee. He formerly was general counsel of Gulfstream Aerospace Corp. Mr. Panson, 63, is chairman of Gulfstream.

BUSINESS PEOPLE

Chemical Said to Name New No. 2

By Arthur Higbee

International Herald Tribune

New York's Chemical Bank will soon name Thomas S. Johnson, now head of its capital markets group, as president, banking sources have told The New York Times.

They said Mr. Johnson, 46, architect of Chemical's investment banking operations, would effectively become Chemical's chief operating officer under Walter V. Shupley, 51, chairman and chief executive. Although Robert J. Calander, 56, head of Chemical's world banking group, is expected to be named vice chairman, the sources said that Mr. Johnson would clearly be the No. 2 executive at Chemical.

The capital markets group, hardly existent at the start of the decade, is now powerful in a few crucial areas like foreign currency trading and interest rate swaps. Reflecting that one-third of the bank's earnings now come from investment banking, Chemical is also expected to announce a reorganization that would combine its investment banking and commercial banking groups.

NORSK: \$46 Million Loss

(Continued from first finance page)

krone in 1986 from 3.76 billion krone in 1985. Net earnings from refining and oil distribution activities fell as a result of write-downs of inventories because of lower oil prices, Norsk Hydro said.

Financial items showed a cost of 1,135 billion krone compared to gains of 65 billion krone in 1985.

Mikael Sjowall, an analyst with Kidder Peabody Securities in London said he believed the costs absorbed by Norsk Hydro during 1986 would be reflected in a strong profit recovery in 1987 and 1988.

"These earnings are a bit disappointing, but they have laid the basis for quite an improvement," Mr. Sjowall declared. He noted that fertilizer prices had been rising recently, but said that due to delivery problems associated with harsh winter weather, Norsk Hydro would probably show poor results into the first quarter of 1987.

"As a result, he said, Norsk Hydro shares would probably be attractively priced through the early part of 1987.

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COMPANY NOTES

Amidai Corp., the computer maker, introduced the Amidai 5890-400E three-way processor and four enhanced processors known as the E models. The company said the 5890-400E, with three central processing units, offers 1.35 to 1.45 times the instruction rate of its 5890-300E model.

Blockbuster Entertainment Corp. said it had agreed to sell 1.26 million shares of its common stock to an investor group for about \$18.6 million. The company said proceeds will be used to accelerate its store expansion program, for potential acquisitions and for other corporate purposes.

Denison Mines Ltd. said it had completed the previously announced \$136 million sale of an interest in its oil property in Egypt's western desert to IEOD Co. a Corp., based in Nebraska, and a Soviet foreign trade body, Tekhnoshport. Morgan Bank of Scotland and Moscow Narodny Bank Ltd. also arranged a protocol for fixed rate credits in support of Soviet imports of British capital goods. The protocol is for an unspecified amount.

Morgan Grenfell & Co. has arranged two export finance packages for Vneshtorgbank, the Soviet foreign trade bank, Morgan said. The first is an 11-year financing to support a \$28 million supply contract for agricultural equipment between Vnimon Industries Corp., based in Nebraska, and a Soviet foreign trade body, Tekhnoshport. Morgan Bank of Scotland and Moscow Narodny Bank Ltd. also arranged a protocol for fixed rate credits in support of Soviet imports of British capital goods. The protocol is for an unspecified amount.

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Vickers da Costa Hong Kong Ltd. and Sun Hung Kai Securities Ltd.

MIM Ltd., the British fund management firm, and an investor group it leads have raised their stake in Di Giorgio Corp. to 7.4 percent of the outstanding common stock, or 627,000 shares, from 5.4 percent. MIM and other group members are directly or indirectly owned by Britannia Arrow Holdings PLC. The shares were bought for investment purposes, the group said.

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Morgan Guaranty Trust Co. said its stake in Imperial Chemical Industries PLC had fallen slightly to 96.23 million shares from an announced 98.5 million shares last October. The current stake represents 14.64 percent of outstanding shares.

Occidental Petroleum Corp.'s unit Occidental Berau of Indonesia Inc. has signed an exploration and production contract with Indonesia's state oil company, Pertamina, to operate in Irian Jaya Province.

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The Best Mortgages for Expatriates
* interest only * no capital repayment
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GARTMORE JAPAN WARRANT FUND

Société d'investissement & capital variable

Registered office: Luxembourg, 14, Rue Alcide

Commercial register: Luxembourg, Section B 23663

DIVIDEND NOTICE

The shareholders are hereby informed that the Annual General Meeting of February 6th, 1987 has approved the payment of a dividend of U.S.\$ 0.05 per share

to shares subscribed and in circulation on February 6th, 1987 against presentation of coupon N° 1.

The shareholders can cash the dividend at following bank:

BANQUE GENERALE DU LUXEMBOURG, S.A.

27, Avenue Monterey, Luxembourg

The Board of Directors

MAXIMUM RETURNS WITH CAPITAL PROTECTION AND GUARANTEED INTERESTS

Choose from the following opportunities:

• ROYCO GUARANTEED INCOME BOND I

Capital and interest guaranteed.

• ROYCO CAPITAL PROTECTION BOND II</div

Thursday's
AMEX
Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

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Via The Associated Press

12 Month High	Low	Stock	Div.	Yld.	PE	St.	100s	High	Low	Close	Quot.	Chg.
A												
14%	6%	ACI Hld				146	146	146	146	146	146	+ -
14%	10%	ACI Hld				37	14%	14%	14%	14%	14%	+ -
17%	10%	AL Labs	3	1.20	84	10	19	12	12	12	12	+ -
16%	8%	AMC's	.10	1.1	103	49	914	78	78	78	78	+ -
8%	4%	AMM Int'l				263	303	756	756	756	756	+ -
31%	24%	AMM Int'l pf 2.00	45			123	123	114	114	114	114	+ -
2%	1%	AMN				19	15	5	5	5	5	+ -
6%	3%	ATT Fd	46	1.8		102	102	102	102	102	102	+ -
5%	7%	AtcomPr	.04	7	2	5	5	5	5	5	5	+ -
12%	6%	AtcomPr	.05	16	16	11	11	11	11	11	11	+ -
15%	7%	Action	.12	1.4	19	11	11	11	11	11	11	+ -
11%	5%	Action				14	123	123	123	123	123	+ -
2%	1%	Adm Rgs				43	35	9	9	9	9	+ +
14%	13%	Adm Rgs				49	44	5	5	5	5	+ +
25%	15%	Adm Rus				49	24	24	24	24	24	+ +
15%	7%	Adl Exp				19	54	54	54	54	54	+ +
9%	6%	AlbW				14	704	704	704	704	704	+ +
40%	7%	Alfin S				14	123	123	123	123	123	+ +
12%	4%	Alfin S				14	123	123	123	123	123	+ +
11%	5%	Alfin Gr				43	35	9	9	9	9	+ +
1%	1%	Alfin X				14	123	123	123	123	123	+ +
47%	34%	Alcos pf				175	77	77	77	77	77	+ +
27%	21%	Alcos s				57	1405	261	261	261	261	+ +
6%	2%	AlmBr				58	14	24	24	24	24	+ +
26%	14%	AlmBr				59	44	778	778	778	778	+ +
15%	9%	AlmBr				15	13	4	4	4	4	+ +
18%	12%	AlmCo n				57	57	156	156	156	156	+ +
5%	3%	AlmCo n				57	57	156	156	156	156	+ +
5%	2%	AlmEx F w1				10	877	1226	1226	1226	1226	+ +
17%	8%	AlmEx F w1				14	34600	1226	1226	1226	1226	+ +
14%	7%	AlmEx F w1				13	60	2	2	2	2	+ +
7%	4%	AlmEx F w1				13	104	274	274	274	274	+ +
26%	8%	AlmEx F w1				57	186	192	192	192	192	+ +
22%	13%	AlmEx F w1				63	186	192	192	192	192	+ +
6%	2%	AlmEx F w1				63	186	192	192	192	192	+ +
2%	1%	AlmEx F w1				63	186	192	192	192	192	+ +
14%	7%	AlmEx F w1				63	186	192	192	192	192	+ +
4%	1%	AlmEx F w1				63	186	192	192	192	192	+ +
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10%	3%	ASCI				18	1.3	75	75	75	75	+ +
15%	4%	ASCI				18	1.3	75	75	75	75	+ +
4%	2%	ASCI				18	1.3	75	75	75	75	+ +
10%	3%	ASCI				18						

AMEX Highs-Lows

NEW NIGHTS 2	
Intl of ArCo n WestCo Int'l Fact 5 Int'l MKT 5 Int'l Ent w/ Int'l Com Bank Co Klep Spar	AlzaCp 5 Bentley Rod B Bushnell's DMG Corp GRI Corp Honeywell En 3 LeisureTc CV MimpfLc 6/C PentelInv Verizon R
Amabell Bentley Rod A Caterpillar Dortronics n GMI/Chico LSI Syst 3 AISI DataCo NV Home n SDIC 267er WeberEnt 2	AmerOilGas BowWamer 2 Chomerics ECCO 5 GrazCo 5 Intralogics n MacIntosh NewLine n Telecentric
NEW LOWS 3	
3sys m/A PettibonePer 2 Weldco	

BUSINESS PROFILE

THE IHT EVERY SATURDAY
INDIVIDUAL CASE HISTORIES OF
SUCCESS AND FAILURE—
WORLDWIDE

(Continued on next page)

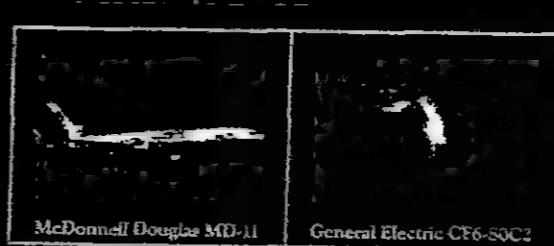
EUROMARKET
enerous' 10-Y

Thursday's
OTC
By **John**

Another new aircraft powered by General Electric CF6-80C2 engines is off and running. With nearly 100 orders and options from 13 airlines, the MD-11 is now officially launched.

The first five customers to make an engine decision all selected the -80C2: British Caledonian, Federal Express, Mitsui, Thai International, and VARIG.

And for good reasons. This is the rule.



General Electric CF6-SOC2

next-generation, wide-body engine with a proven record of reliability. In fact, the -80C2 had the best first-year reliability, in its thrust class, of any engine in history. Its engine

in history. Its engine caused IFSD was zero. Its engine caused SVR was 0.03.

Together, the MD-11 and the CF6-80C2 offer airlines and airline customers a winning combination of benefits—comfort, fuel economy, exceptional reliability, low mainte-

A circular seal for aircraft engines. The top half contains the text "Aircraft Engines" in a stylized, italicized font. The bottom half contains the letters "USA" in a bold, sans-serif font. The seal is surrounded by a decorative border.

CURRENCY MARKETS

Dollar Up in New York, London

Reuters

NEW YORK — The dollar was higher Thursday, rebounding from a sharp sell-off following the government's report of a 5.8 percent decline in January retail sales.

In New York, the dollar rose to 1,8295 Deutsche marks from 1,8195 on Wednesday, to 6,0915 French francs from 6,0590, to 1,5493 Swiss francs, from 1,5413, and to 154.00 yen from 153.95.

The British pound edged down to \$1.5177 from \$1.5180.

The retail sales announcement shook the market out of its early torpor and quickly pushed down the dollar more than 1 pfennig in European trading.

The U.S. currency recovered just as quickly, however, when dealers realized the decline was mostly because of a sharp drop in car sales.

The rapid fall and rise suggested the market remains nervous, and is still convinced that the United States is ready to let the dollar decline until its huge trade deficit is

London Dollar Rates

Currencies

Deutsche mark

Pound sterling

Japanese yen

Swiss franc

British pound

Source: Reuters

meeting have pushed the dollar dramatically higher and lower several times over the past few weeks.

In earlier European trading, the dollar was fixed at 1,8149 DM in Frankfurt, barely down from 1,8155 on Wednesday, and at 6,0430 French francs in Paris, down from 6,0490. In Zurich, the U.S. currency closed at 1,5383 Swiss francs, virtually unchanged from 1,5385 Wednesday.

Remarks by the Treasury secretary, James A. Baker 3d, have done little to calm the fears.

"People are being cautious and prefer to be covered since Baker is ruling the market with his comments," one Frankfurt dealer said.

Fresh speculation that the Five of Nations might meet soon to discuss stabilizing the markets also pushed the dollar higher in late London trading.

In London, the dollar firms to 1,8223 DM from 1,8162 on Wednesday, and to 154.05 yen from 153.68. The pound slipped to \$1.5140 from \$1.5240.

Rumors and denials about a G-5

meeting aren't that interested in 10-year paper."

But an official at a firm that was involved noted that at the full underwriters' discount, the issue yielded about 1.43 percentage points over an equivalent U.S. Treasury note. "That's very generous," he said.

Philip Morris Cos. issued a \$100-million bond with 18-month currency warrants. The package was priced at 106.4 percent from January 1986 to \$10.57 billion.

"It's a very generous coupon but I was surprised the issue traded so firmly," remarked a bond manager at a bank outside the underwriting group. "As far as I'm concerned, the bonds are trading at a discount of 4 percent, well inside the full 2 percent underwriting fees."

Overall exports rose 16.2 percent from January 1986 to \$14.86 billion, although they dropped 24.3 percent from December's level. Imports fell 3.1 percent from January 1986 to \$10.57 billion.

(Reuters)

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(Reuters)

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In earlier European trading, the dollar was fixed at 1,8149 DM in Frankfurt, barely down from 1,8155 on Wednesday, and at 6,0430 French francs in Paris, down from 6,0490. In Zurich, the U.S. currency closed at 1,5383 Swiss francs, virtually unchanged from 1,5385 Wednesday.

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